NESTLE THE GLOBAL BRAND.

Nestle is leading the global market for beverages and food items for more than a century and continues its business pursued in an exciting new directions
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DEDICATION

“We dedicate this project to our Parents, Teacher and to each group member”.

Because;

❖ What ever we are it’s because of our parents.
❖ Our teacher makes us able to face different challenges and achieve those challenges.
❖ Last but not least group members, who support us a lot and contribute their full effort to make this project possible.
“ACKNOWLEDGEMENT”

“In the Name of Allah most Merciful and Beneficent”.

We are very thankful to Almighty Allah who gave us the opportunity, courage and insight to explore more knowledge to complete this whole and for his blessings that have brightened in all parts of our lives and our parents whose prayers always supported us in every task. In scripting this project, we were guided by our experience, knowledge and interest in the subject “Marketing Strategy”. Beyond of all the material available we are thankful to our respected resource person “Sir: Aly Raza” for giving us such a deep knowledge about the subject made “Marketing Strategy” very interesting subject. That is possible due to his unique and natural style of teaching we ever experienced during our academics. And through his motivational behavior we’re able to complete this difficult task.

THANKS

ALL GROUP MEMBERS
EXECUTIVE SUMMARY

*Nestle* is undoubtedly one of the most proficient food companies in not only Pakistan but all over the world. The employees at Nestle have finagled to retain their standards to the most high-pitched level possible in the market. They make sure of the fact that the products of Nestle are definitely the BEST TO USE. Nestle has an assortment of products to offer and they all are the best of their types.

For this project our main concern was to study the strategies followed by Nestle in regard to the 4P’s of marketing. We got some information from internet about the overall history and background of the company. About other information we visited their Head Office and met there with Mr. Dr. Usman Iqbal (Senior Group Brand Manager Nestle). It was quite nice of him to provide us with all the relative information. We tried to cover all the main aspects of our course starting from some basic concepts to the complex ones.

Now days for any company to progress in the market its marketing strategies are of supreme importance and that is the reason we opted for Nestle to try and cognize what exceptional they were doing to maintain their top position in the market.

In *Finding and Analysis* we have described the marketing techniques observed at Nestle and then also did our analysis on these observed techniques.

In the end we made some *recommendations* based on our analysis to make them improve their overall revenue rate.

And lastly we acknowledged all those people who helped us in pursuing this project.
HISTORY

In the 1860s Henri Nestlé, a pharmacist, developed a food for babies who were unable to breastfeed. His first success was a premature infant who could not tolerate his mother's milk or any of the usual substitutes. People quickly recognized the value of the new product, after Nestlé's new formula saved the child's life, and soon, Farine Lactée Henri Nestlé was being sold in much of Europe.

In 1905 Nestlé merged with the Anglo-Swiss Condensed Milk Company. By the early 1900s; the company was operating factories in the United States, Britain, Germany and Spain. World War I created new demand for dairy products in the form of government contracts. By the end of the war, Nestlé's production had more than doubled.

After the war Government contracts dried up and consumers switched back to fresh milk. However, Nestlé's management responded quickly, streamlining operations and reducing debt. The 1920s saw Nestlé's first expansion into new products, with chocolate the Company's second most important activity.

The end of World War II was the beginning of a dynamic phase for Nestlé. Growth accelerated and companies were acquired. In 1947 came the merger with Maggi seasonings and soups. Crosse & Blackwell followed in 1960, as did Findus (1963), Libby's (1971) and Stouffer's (1973). Diversification came with a shareholding in L'Oreal in 1974.

The first half of the 1990s proved to be favorable for Nestlé: trade barriers crumbled and world markets developed into more or less integrated trading areas. Since 1996 there have been acquisitions including San Pellegrino (1997), Spillers Pet foods (1998) and Ralston Purina (2002). There were two major acquisitions in North America, both in 2002: in July, Nestlé merged its U.S. ice cream business into Dreyer's, and in August, a USD 2.6bn acquisition was announced of Chef America, Inc.
Today, Nestlé SA is the world's largest Food and Beverages Company, and a global leader in health, nutrition and wellness. Consumers around the world, from village squares in Nigeria to the skyscrapers of New York and Chicago, are united by the Nestlé promise of quality, taste, nutrition and convenience.

Though headquartered in Vevey, Switzerland, we now have 487 factories dotted around the globe, employing over 250,000 people in 86 countries. Our products are available in almost every country, and in 2005 our global sales reached $73 billion.

Our operations are spread across three global zones covering Europe, the Americas, Asia, Oceania and Africa. Recognizing that every region has its special needs, the three zones operate locally, but are united by a common vision and priorities. The voices of even the smallest local markets are heard at our headquarters in Vevey, Switzerland.

Our immense popularity comes from our efforts to develop products that give quality and nutritional benefits at low prices, even in the most remote regions.
HISTORY NESTLE PAKISTAN LIMITED

As a consequence of joint venture arrangement between Nestle S.A. of Switzerland and Milkpak Ltd. in 1988, the existing production facility of Milkpak in Sheikhupura became a part of Nestle Milkpak.

The Milkpak Sheikhupura factory commenced operations in 1981 as a producer of UHT milk. By 1988, it had expanded its operation and was also producing butter, cream, desighee - all under the brand name of MILKPAK and juice drinks under the brand name FROST.

To meet the demands of the large food market that Pakistan offered, Nestle Milkpak reorganized and reinforced the production of existing brands and gave shape to new production lines. The first to come was a milk powder plant, which not only began producing NIDO in 1990 but was also critical to the production of several milk-based products in the future.

With the installation of the roller dryer in 1990, the first such product to come was CERELAC - an internationally recognized brand of infant cereal.

This was followed by LACTOGEN 1 & 2 in 1991.

The year 1992 saw the introduction of tea whitener EVERYDAY and milk powder in bulk packing named GLORIA. MILO and NESLAC came under production in 1994 and MILO RTD in 1995. Local packing of imported coffee under the name of NESCAFE 3 in 1 commenced the same year.

In 1996, Nestle Pak Ltd first confectionery plant of POLO Mint was installed and the production of NESTLE PURE ORANGE JUICE commenced.

Packaging of coffee under the brand name of NESCAFE CLASSIC was undertaken the same year.

In 1997 NESTLE WHEAT and two variants of POLO viz. Strawberry and Orange was introduced.
In 1998 a substantial capital investment was made to launch several products and install two new state-of-the-art technologies.

SWEET TREATS were launched in early 1998. The addition of two flavors of POLO: Blackcurrant and Strong Mint increased the number of POLO variants to five.

A new variant Lemony was added to the range of popular FROST fruit drink flavors and a new 1-liter packing of FROST was introduced.

Flavored milks under the brand FRESH & FRUITY came under production on the new Tetra Filling Machine equipped with the modern "slim" format. MILO RTD and UHT Creams were also shifted over to this new format. A new flexible confectionery line enabled the manufacture of a wide range of high and low boiled sweets and toffees, including TOFFO and two variants of SOOTHERS' Menthol Eucalyptus and Honey Lemon.

Nestle Milkpak also contracted to supply dairy mixes to McDonald's, for its popular soft serves and milk shakes.

And to top it all, the most prestigious project, NESTLE PURE LIFE was also commissioned in December. Based on the latest water treatment and bottling technology, this marked the entry of Nestle Milkpak in the Pakistan water market and that of Nestle in the world water market.

The expansion of high boiled sweet line continued in 1999 with the introduction of Fruit Drops and BUTTERSCOTCH.

The year 2000 saw the production of some exciting products. First came NESCAFE Frothe Original, followed by its two other flavors: Mocha and French Vanilla. NESCAFE Frappe RTD was to come next.

The fruit juice range was expanded by the production of Mango and Orange-Mango Mix. On the confectionery side, Tutti Fruiti was added under the umbrella of POLO and Wild Cherry was added to the SOOTHERS range.

The success of NESTLE PURE LIFE in PET bottles encouraged the commissioning of 5-gallon bottles production line for home and office in June.

To meet the needs of safe and quality storage for the ever expanding product range and their volumes, a National Distribution Center (NDC) was completed and became
functional in June, 2000. Spread over 6614 square meters; it has the capacity to store up to 8300 pallets (approximately 8000 tons).
VISION STATEMENT

The strategic priorities of Nestle Pak Ltd are focused on delivering shareholder value through the achievement of sustainable, capital efficient and profitable long term growth. Improvements in profitability will be achieved while respecting quality and safety standards at all times.

In line with this objective, Nestle Pak Ltd envisions to grow in the shortest possible time into the number one food company in Pakistan with the unique ability to meet the needs of consumers of every age group - from infancy to old age, for nutrition and pleasure, through development of a large variety of food categories of the highest quality.

Nestle Pak Ltd envisions the company to develop an extremely motivated and professionally trained work force, which would drive growth through innovation and renovation.

It aspires, as a respected corporate citizen, to continue playing a significant role in the social and environmental sectors of the country.

MISSION STATEMENT

“Nestlé’s mission is to provide the best food to people throughout the world.”

OBJECTIVE

At the threshold of this new millennium, Nestlé’s objective is to consolidate and strengthen its leading position at the cutting edge of innovation in the food area in order to meet the needs and desires of customers around the world, for pleasure, convenience, health and well being.
NESTLE CORE VALUES

“The Nestlé global vision is to be the leading health, wellness, and Nutrition Company in the world. Nestlé Pakistan subscribes fully to this vision”.

In particular, NESTLE envision to:

- Lead a dynamic motivated and professional workforce – proud of its heritage and bullish about the future.
- Meet the nutritional needs of consumers of all age groups – from infancy to old age, from nutrition to pleasure, through an innovative portfolio of branded food and beverage products of the highest quality.
- Deliver shareholder value through profitable long-term growth, while continuing to play a significant and responsible role in the social, economic and environmental sectors of the country.
- We have profitable and diversified high quality food and beverage product portfolio, delivering 60:40+ advantage to consumers, available across all sales channels.
- Our brands are the preferred choice in their categories. Consumer insight drives all aspects of our marketing and communication efforts.
- Our communications to the consumer are relevant, cutting-edge, and adhere to the highest standards of responsible communication.
- Our company is seen as the No. 1 career destination for talented, motivated and ambitious professionals.
- Our result-oriented organizational structure ensures effective communication and empowered self-management.
- Our milk collection and agri services will continue to play the primary role in development of the dairy sector in rural Pakistan.
- Our proactive innovation and renovation culture is the key to our success in the marketplace.
- Fully integrated systems (Nestlé Pakistan, suppliers, customers) ensure efficient business processes.
- Non-strategic activities and products are outsourced or discontinued.
NESTLE FACTORIES

Our products are manufactured in five facilities scattered around the country, from Islamabad in the north, to Karachi in the south.

Two state-of-the-art multipurpose factories are located in the agricultural heartland of the Punjab, and the remaining three are dedicated to producing our trusted brands of bottled water.

As citizens of Pakistan, we consider it our duty to make sure that our manufacturing processes are clean, hygienic and safe.

We are constantly working to reduce emissions at our factories, reducing and treating wastewater, and making our packaging environmentally friendly. Regular audits have confirmed that our factories' environmental management meets the Nestlé international standard.

SHEIKHUPURA FACTORY

The factory commenced operations as part of Milkpak Ltd in 1981. At the time it produced only UHT milk, but by 1988 had expanded to produce butter, cream and ghee, as well as fruit drinks.

- Milk filling machine TBA-22 (most modern and efficient and high speed equipment available in dairy industry)
- National distribution centre was also constructed in 2000 with capacity to store 8300 pallets.
KABIRWALA FACTORY

In 1990, Nestlé Milkpak acquired the Kabirwala factory, located in Khanewal district of the Punjab, as a subsidiary. By 1997 it was a fully owned unit of Nestlé Pakistan Ltd.

2006 has seen the commencement of Kabirwala Extension Project that would be completed in April 2007 at a cost of about Rs. 4.0 billion. The project has seen expansion of milk processing capacity to triple its current size, both for powder and liquid.

- In 2005 Fresh milk capacity was increased from 676 to 800 tons per day.
- in 2007 an additional raw and packing and semi-finished product stored and a bigger distribution Center, a stick pack filling machine and 1000 gr. Powder filling machine will be added.

ISLAMABAD FACTORY:

AVA water factory Islamabad was acquired by Nestle Pakistan in 2001 and was subsequently merged with it. Thereby becoming a fully owned unit of Nestle Pakistan in 2003

- The production capacity of the factory is approximately 8000 bottles per day.

AVA KARACHI

FONTALIA KARACHI
EXTERNAL ENVIRONMENT

(DEEP LIST)

Demographic External factor

- More the education more will be the awareness about brand and quality food.
- If the income level of people is high then purchasing power will be high so they will purchase more
- Nestle products are made for people belonging from all age groups
- Both male/female are included equally in its target market

Economic environment

- If the inflation rate is high then there will be decrease in purchasing power. so inflation indirectly affects the company’s sale.
- Nation varies greatly in its level and distribution of income
- Changes in major economic variables such as income, cost of living, interest rate and savings have a large impact on the market place

Political environment

- Government regulations to protect interest of society and from unfair business practices
- Unstable political conditions
- Law order situation getting worse

Legal environment

- Registered in the stock exchanges of Pakistan
Social/cultural environment

- Consumption behavior of Pakistani people is high so they consume more goods
- As Pakistan is Muslim country so we cannot add any ingredient which is prohibited in Islam or which is not “Halal”.
- As nestle water is the branded item so the people who are brand conscious will prefer to use nestle water. So nestle is focusing more on the posh areas.

Technological environment

- Technological environment is changing rapidly
- Most dramatic force shaping company’s offerings and the way product is marketed
- Company’s must keep up with technological changes to match up with its environment
Pakistan is the 5th largest milk producing country in the world with an annual milk production of 27 billion liters. The total urban milk consumption is 6.86 billion liters. In cities, milk is largely consumed for tea whitening (2.3 billion liters), drinking (2.3 billion liters), and desserts etc. (2.2 billion liters). In Pakistan, loose milk still occupies 96% of the total milk market share. While buying loose milk, a consumer may pay less than that of UHT milk, but there is serious health risk, and the consumer is also paying for milk containing up to fifty per cent of water.
COMPETITIVE ANALYSIS

Competitive analysis includes the comparison of one organization with its competitor. It differentiate product and tells which product stands at which position. It tells about the differentiation of characteristics and weaknesses of the product with its competitors.

As we know that more important competitor of Nestle is Aquafina.

<table>
<thead>
<tr>
<th></th>
<th>Nestle Pure Life</th>
<th>Aquafina</th>
</tr>
</thead>
<tbody>
<tr>
<td>Largest Market Share</td>
<td>Low Market Share</td>
<td></td>
</tr>
<tr>
<td>Pure Water with Vitamins</td>
<td>Mineral Water (chemicals)</td>
<td></td>
</tr>
<tr>
<td>Availability of Nestle Water is easy</td>
<td>Availability of Product is difficult</td>
<td></td>
</tr>
<tr>
<td>There is only one segment in Nestle Pure Water. It has only one taste. So in sense of segmentation, it’s weak product. So company should make Pure water of different tastes.</td>
<td>It has different taste. It has segmented. It has introduced different segments in mineral water of different tastes, so it has a strong segmentation. So due to segmentation it’s increasing its sales.</td>
<td></td>
</tr>
</tbody>
</table>
SEGMENTS AND TARGET MARKETS SERVED

MARKET SEGMENTATION (PURE LIFE)

For getting the maximum market share and respect of the product in the minds of the consumer, as per our observation and market survey we have concluded that Nestle Pure Life Water’s segmentation is based on two points.

- Geographic Segmentation
- Demographic Segmentation

Geographic Segmentation

The company has divided its geographic segmentation in several regions. First they have the segmentation of a whole country and from each provincial capital, they divided its areas into north, east, west, south. So that it could be easy for the company to work efficiently on its supply chain management.

Demographic Segmentation

Nestle Pure Life isn’t a supreme quality product that only the high class uses. There is no age, sex, income and any other kind of limitation on use of the product. The product is for all. Anyone can use the product as per need.
NESTLE MILK PACK

TARGETING STRATEGY

Nestle Pure Life comes in four different sizes. These four are targeting different types of people and lifestyles.

This is the smallest size of Nestle Pure Life Water of 0.5L. This size is being heavily used by the consumers in place of soft drink. University and Colleges are also included in its target market of this size. But the product is used by everyone in the society also. It is not only specified people that have been discussed above.

This is the second size of the Nestle Pure Life Water which is about 1.5L. This size is being used in mostly meetings. You can say that any kind of organizational meeting or any other social meeting, this product is being used.

This is the third size of the Nestle Pure Life which is used in mostly houses and offices in the waiting areas (offices).

This is the fully household product and also using in executive rooms in offices with the dispensers. This Nestle Pure Life Water Bottle is also very helpful in many dispensers available in the market with good options.

CUSTOMER’S ANALYSIS

Customer Profiling (Customer Data):

Transaction Details

- Frequency,
- amount and timing of purchases,
- items bought,
- prices paid,
- Use of cash or credit.
**Life Style**

- Profession/occupation,
- vehicle ownership,
- Internet use,
- Travel,
- Hobbies.

**Financial**

- Investments,
- credit card usage and type,
- living expenses, and
- Credit worthiness.

The product is being used by many people of Pakistan and there is no restriction in use of Nestle Pure Life as there is not that kind of product with specific characteristics. Everyone is free to use Nestle Pure Life.

<table>
<thead>
<tr>
<th>Bottle Size</th>
<th>Age Group</th>
<th>Related To People</th>
<th>Sex</th>
<th>Income</th>
<th>Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.5L</td>
<td>infant - maximum age</td>
<td>All the people</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>1.5L</td>
<td>15 years - 60 years</td>
<td>Household</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>12L</td>
<td>25 years - 70 years</td>
<td>Household &amp; Offices</td>
<td>No</td>
<td>Can be</td>
<td>No</td>
</tr>
<tr>
<td>19L</td>
<td>25 years - 70 years</td>
<td>Household &amp; Offices</td>
<td>No</td>
<td>Can be</td>
<td>No</td>
</tr>
</tbody>
</table>

The above table shows that Nestle Pure Life is for all. It is not necessary that Nestle Pure Life Water Cans can only be used by higher income persons. Because the data is linked with the regular use of Nestle Pure Life Water Cans. Means income can be considerable for the people who consume Nestle Pure Life on daily basis. If we exclude the factor of
daily basis the answer will be No. there is not restriction to use Nestle Pure Life for Muslims and non Muslims.

PRODUCT STRATEGY

The product was launched due to certain reasons and problems faced by the government and other factors. There are many areas in Pakistan where we will not find pure water but the infiltrated water. That could harm your body and cause the major problem called Diaria. That is one of the harmful diseases which can also lead to death. To overcome this problem, Nestle decided to launch its water product by acquiring the water plant of AVA Company.

Now the plant is under control of Nestle Pakistan Ltd. Nestle launched it’s product by offering very useful ingredients like vitamins, calcium and many other useful things which gives the human body more than the water. Nestle is available in the market in four good sizes according to the need and as per targeted and segmented market. 0.5L, 1.5L, 12L and 19L. These sizes are complete sized according to the need of the customers. To understand the full ingredients of the water, we would like to show a FAB Analysis.

### Ingredients Available In Nestle Pure Life

<table>
<thead>
<tr>
<th>SUBSTANCE</th>
<th>MRL</th>
<th>MCL</th>
<th>LEVEL FOUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benzene</td>
<td>0.0005</td>
<td>0.005</td>
<td>ND</td>
</tr>
<tr>
<td>Carbon tetrachloride</td>
<td>0.0005</td>
<td>0.005</td>
<td>ND</td>
</tr>
<tr>
<td>Chlorobenzene (Monochlorobenzene)</td>
<td>0.0005</td>
<td>0.100</td>
<td>ND</td>
</tr>
<tr>
<td>1,2-Dichlorobenzene (α-DCB)</td>
<td>0.0005</td>
<td>0.080</td>
<td>ND</td>
</tr>
<tr>
<td>1,4-Dichlorobenzene (p-DCB)</td>
<td>0.0005</td>
<td>0.075</td>
<td>ND</td>
</tr>
<tr>
<td>Ethylbenzene</td>
<td>0.0005</td>
<td>0.700</td>
<td>ND</td>
</tr>
<tr>
<td>Methylene chloride (Dichloromethane)</td>
<td>0.0005</td>
<td>0.005</td>
<td>ND</td>
</tr>
<tr>
<td>Methyl-tert-Butyl-ether (MTBE)</td>
<td>0.003</td>
<td>0.013†</td>
<td>ND</td>
</tr>
<tr>
<td>Styrene</td>
<td>0.0005</td>
<td>0.100</td>
<td>ND</td>
</tr>
</tbody>
</table>

The above chart shows the ingredients and level of them in Nestle Pure Life Water Bottle. The water is also tested on the basis of above ingredients in the laboratory of USA, Pakistan, and Thailand etc...
PRODUCT MIX OF NESTLE

Nestle is a well-known company all over the world and Pakistan. The company basically deals in food products as their logo says “Good Food, Good Life.” Their major products lines are:

MILK PRODUCTS

i. Nestle Milpak UHT Milk:

This product was launched in 1981. Backed by a very strong brand name, aggressive marketing and distribution plan, consistent quality, and availability throughout the year, it has become quality milk. In September 1999, Milk Pak UHT milk was launched as Nestle Milk Pak UHT milk. It is available in 1000, 500 and 250 ml sizes.

ii. Milpak Butter:

This product was launched in 1985 under the Milk Pak brand name. It has been recently repackaged in a crisp white laminate, the design of which bears closed resemblance to that of Milpak UHT milk. This new package design allows gaining strength from Nestle Milpak UHT milk. It is available in 200 and 100 gm sizes.

iii. Milpak UHT Cream:

This product was launched in 1986 under Milpak brand name. It is available in 200 ml size.

iv. Nestle Everyday:

To meet the requirements of the tea-whitening segment, this product was launched in 1992. On account of aggressive marketing, focused distribution, excellent consumer acceptance and product quality, this brand has shown strong growth and holds good promise for the future.

v. Nestle Nido:

Soon after it was introduced in the early 70’s as an imported product Nido full cream milk powder became the market leader. Local manufacturing of Nido began in 1990,
which has reinforced its position as the dominant player in the full cream milk powder category.

II- CHOCOLATE DRINKS:-

i. Milo powder:

This product was launched in 1994. It is available in 14,100 and 200 gm sizes. It is strongly associated with a healthy life style and is an ideal drink for growing children who need strength and energy.

ii. Milo RTD:

To cater for consumer convenience, Milo RTD (ready to drink) was launched in 1995 and is now available in an attractive 180 ml slim pack. It is popular among all age groups especially among the growing segment of nutrition conscious consumers. It is an excellent substitute for cold drinks.

III- COFFEE:-

i. Nescafe Classic:

It is one of the world’s most popular coffee brands. Nescafe global campaign “open up” was launched in Pakistan in October, introducing a new brand framework and increased emphasis behind coffee sales in Pakistan. Nestle Milkpak locally packs imported coffee and markets it in 225 and 500gm.

IV- FRUIT DRINKS:-

i. Frost:

It is a well-known brand launched in 1986 and has the largest market share. Positioned as a cold drink and an alternate to cola drinks, its strength lies in the convenience attached to its usage.

ii. Nestle Orange Juice:

The product was launched in July 1996. It is available in 180ml and 1litre sizes. In a market that is becoming increasingly conscious about nutrition and is displaying preference for healthy drinks, Nestle Orange Juice has made very good inroads and has a strong potential in the future.
VII- CONFECTIONERY

In view of the impressive potential for confectionery sales in the country, Nestle Milkpak established an independent sales and distribution network for confectionery products. From three main cities in 1996, it has grown into a nation-wide network. The initial product range includes locally produced Polo Mint, Kitkat, Smarties, Lion Bar, and Fox’s, Allen’s Toffo and Allen’s Soothers. Both Toffo and Soothers are produced on a new confectionery line-based on a new state-of-the-art technology that provides an extremely flexible process for production of wide range of high and low boiled candies. This will enable the company to introduce varieties of new sweet flavors over the next few years.

VIII- WATER

The launch of Nestle Pure Life in December 1998 was a truly historic event. This marks the Nestle Pure Life’s entry into the country’s fast growing water market. At the same time Pakistan became the first country where Nestle launched the new brand. Nestle Pure Life is a premium drinking water, produced to the highest standards of safety and purity. It is ideally balanced with essential minerals. It is available in two convenient sizes of 0.5 and 1.0 liters. Capitalizing on its strong brand recognition, aggressive pricing and supported by a strong marketing campaign, Nestle Pure Life has made very strong inroads into the water market in Pakistan. Nestlé PURE LIFE is available around the globe today in Canada, USA, Mexico, Brazil, Argentina, South Africa, Saudi Arabia, Jordan, Egypt, Lebanon, Turkey, Russia, Uzbekistan, Pakistan, China, Thailand, and the Philippines. Launched on the North American market in 2003, Nestlé PURE LIFE is destined to become the world’s leading and most widely distributed brand by 2010.
STRATEGY FOR LAUNCHING THE PRODUCT:

GOALS & OBJECTIVES:

Creating awareness about our product to at least 50% of the target market within three months of launch

This objective will be achieved through intense promotional activities, developed to get to the target market in the best possible manner.

- Capturing 60% of target market within 1 year.

Our promotional activities will develop interest for people thus compelling them to approach us. We will make good relations with our customers so they create good word of mouth for us and approach us again and refer others.

- Launching the product in summers.

We will be launching the product in summers to capture most of the target consumers and as well as market share.

- Opening different outlets.

We will be opening different outlets initially in major two cities and after gaining primarily success we will be available in all big and small cities of Pakistan.
MARKETING STRATEGY

Our product will include features that contain the combination of both health and hygiene keeping in mind the individuals requirements in terms of taste. However the marketing will be done considering the concept of mass personage.

Our product will be tailored to individual needs (desired taste) but promotion will attract all of them collectively. Further more we will be following pull strategy and approach our end users ourselves with the help of various promotional activities. In our case no intermediary (whole sellers) is involved. Our distribution channel will be as follow.

PRICE FIXATION STRATEGIES

These are following objectives of nestle pure life regarding price fixation:

Profit Earning:
Profit earning is the main objective of every company but in case of nestle their profit margin is low. Only a few amount of profit is collected from pure life water.

Customer satisfaction:
In nestle pure life price is not fixed by keeping in mind profit motive, only customer satisfaction is kept in mind while fixing the prices.

STRATEGIES FOR FIXING THE PRICE:
In nestle prices are set on cost basis as given below:

Price = Cost + Profit

Break even or Target price:

Per Unit Price= variable cost + fixed cost / units of sale
DISTRIBUTION

According to the distribution, Pakistan is divided into three geographical zones and then in further Regional Sales Offices.

- **North Zone**
  - Islamabad and north outstations
  - Peshawar
  - Jhelum

- **Central Zone**
  - Lahore
  - Faisalabad
  - Gujranwala
  - Multan
  - Sahiwal

- **South Zone**
  - Karachi
  - Hyderabad
  - Quetta
  - Sukker

**STRATEGIES FOR COMPETITIIVE ADVANTAGES:**

Every product on the shelf, every service and every customer contact helps to shape this image. A Nestlé brand name on a product is a promise to the customer that it is safe to consume, that it complies with all regulations and that it meets high standards of quality. Customers expect us to keep this promise every time. Under no circumstances will we compromise on the safety of a product and every effort must be made to avoid hazards to health. Likewise, compliance with all relevant laws and regulations is a must and is not negotiable. People, equipment and instruments are made available to ensure safety and conformity of Nestlé products at all times. The effort is worth it. Companies with huge quality standards make fewer mistakes, waste less time and money and are more productive. They also make higher profits. Quality is our most successful product. It is the key to our success, today and tomorrow.
The customer comes first
We want to win and keep customers: distributors, supermarkets, hotels, shopkeepers and the final consumers. They have very different requirements. Trade customers expect excellent service, correct information and timely delivery. Consumers consider taste, appearance and price when they make their choice. Our task is to understand what customers want and respond to their expectations rapidly and effectively. We serve various groups of consumers and there is demand for products at different levels of perceived quality and price. All customers, however, expect value for their money – good quality at a reasonable price.

Quality is a competitive advantage
We live in a competitive world and must never forget that our customers have a choice. If they are not satisfied with a Nestlé product, they will switch to another brand. Our goal, therefore, is to provide superior value in every product category and market sector in which we compete.
The pursuit of highest quality at any price is no guarantee for success, nor is a single-minded cost-cutting approach. Success can never be taken for granted. We must watch and learn from our competitors.

Quality is a joint effort
Operating companies are fully responsible for maintaining agreed quality standards. Not only Production units, but also Marketing, Purchasing, Distribution and Sales have a vital role to play in providing quality to customers. This implies a thorough knowledge of the products and services we offer.
Quality units at different levels of the organization provide specific support, promote quality awareness, assume guardianship and audit the system. Quality departments monitor operations against agreed standards and must intervene in case of non-conformity.
Quality policy and principles, the mandatory standards and the recommended tools for implementation are laid down in the Nestlé Quality System that is applicable throughout the group. Further directions are given through instructions, norms and guidelines, often specific to a product.
Quality is made by people

Adequate equipment, procedures and systems are needed to make Quality; so are involved and dedicated people. Each and every Nestlé employee must do his best to provide quality products and services.

We motivate employees by demonstrating management commitment to Quality, by setting challenging goals and by giving them responsibility and recognition. It is through employee involvement that goals and targets can be achieved in the shortest time. Quality must be a way of life for everyone in the company.

Quality is action

Quality is the result of deliberate action. It is the responsibility of senior managers to communicate the quality objectives and to provide the resources necessary for their implementation. It is then up to all employees to make Quality happen throughout the company. Progress is followed by listening to our customers and by measuring our performance. Shortcomings and mistakes must be analyzed and corrected. Problems must be anticipated and prevented before they occur. We also must identify and take advantage of opportunities.

OTHER MARKETING STRATEGIES ADOPTED BY THE COMPANY

In future two competitors of Pure Life are going to launch their water in the market which is Pepsi & Coca Cola. As their competitor will advertise their product at very high stage so people will get awareness about drinking water and nestle pure life can achieve a great market share in future because people can see that our water is getting rough day by day and there is a need for pure drinking water to survive in the world.

For these opportunities company is going to launch another plant for drinking water next year Firstly Nestle pure life was focusing on product and pricing strategy but recently it’s focusing on marketing strategy to create customer awareness of the product in those areas which are far away.
**CHANNEL OF DISTRIBUTION:**

Nestle pure life is making full efforts to supply its product to ultimate consumers. For this purpose the company uses the conventional marketing channels of distribution to supply the product. In this method company supply the product to whole seller who responds it to retailers who supply to ultimate user.

The company also uses the vertical marketing system in which retailers also take supply from directly company resources without contact with whole sellers, In this way the margin of company decreases and going into the interest of the ultimate consumer.
PROMOTIONAL STRATEGY

Advertisement is a tool to introduce the product in the market. To increase sales and build an image in the mind of consumer company advertise their product in different ways, as for as Nestle pure life is concerned company use:

- Television
- Radio
- News Paper
- Bill Board
- Hoarding etc.

Sometime company also makes free sampling, held stalls at different programs like Health Mela.

Pure Life's communication strategy is weak as they follow emotional black mailing. In advertising they show emotional feelings to their customers.

MESSAGE TO AUDIENCE:

In every advertisement of pure life water the company tries to convey their message like: They provide health food and health drinking water for caring their customers. We work for society welfare.

SALES STRATEGY OF NESTLE PURE LIFE WATER:

The sales strategy which Nestle adopted for Pure Life water is Availability & Visibility. To increase sales and gain profit the company has to provide proper supply of product in the market. All the time company remains busy to make the availability of their product in the market. In departmental stores and shops the Pure Life Water is so placed that it is visible for the customers.
SALES PROMOTION STRATEGY

Personal Selling: A direct Vendor Selling Activity was coordinated and carried out during the summer months of June, July, and August 1999 in Lahore. A team of vendors, clad in branded T-shirts, caps and jackets, sold chilled 0.5 liter bottles to travelling customers on all major intersections. The brand got great mileage out of this innovative idea of personal selling in terms of brand awareness, paid trial, image as well as real sales.

Publicity: Nestle Pure Life was launched on 14 December, 1998 in Karachi with a huge amount of enthusiasm and positive response shown by the locals. The successful story of its launch was printed in all the local newspapers the next day. This greatly helped in creating awareness of the brand and gave its introduction a good start.

Sales Promotion: Specific promotions of Nestle Pure Life were arranged in some of the key outlets of Lahore. Elaborate shelf space was acquired for product display and specially designed POS material was extensively used to promote sales. On a 12-bottle purchase of 1.5 ml, one 1.5 ml bottle was offered free to consumers. Similarly on a 6-bottle purchase of 1.5 ml, one 0.5 ml bottle was offered free. Regarding trade promotion, the retailer was also given an additional discount of 4% during this sales promotion. Not only did the sales of Nestle Pure Life grow tremendously during the promotion, these continued at a higher pace even after it was over.

Public Relations: As far as the public relations are concerned, the organization releases an annual report which includes the company's financial statements along with the sales of all product categories. The annual report is mainly aimed at the stockholders. However, another very important form of public relations are the newsletters and bi-monthly magazines issued by the organization. A huge
amount of information is found in these regarding the products and their promotion.

**BRANDING STRATEGY OF NESTLE PURE LIFE**

Nestle brand name present a message of caring which make it distinctive and attractive than other companies. Pure Life's brand is good food for good life. The message of family protection is enough to get the attraction of customer. The Nestlé's brand name is easy to understand & translate. It is easy to pronounce and it is also easy to recognize. Another message in brand name is given to customer to preserve their families from different deceases.

**POSITIONING**

We will position our product as a high quality product consumer focused. Messages like

*“Who knows your taste better than us”,*

*“Nestle ice-cream now at your door step”;*

*“Add additional flavors’ to your life”*

Will help us portray our picture clearly and distinctly. We will position our product against the competitors and gain competitive advantage through our efficient promotional methods, using innovations, and by reaching closer to our target market through the arrangement of events like BASANT, VALENTINE DAY and etc. In short consumers will view us as a product providing highly quality, in terms of taste, customer focused and, at the same time reasonably priced as compared to others.
POSITIONING STRATEGY:

There are some competitive advantages or important attributes of Nestle Pure Life drinking water, occupying in consumer's mind relative to competing mineral waters are as follows:

- **PURE DRINKING WATER:**

  Nestle Pure Life is only drinking water product in the market. Their competitors are selling mineral water which contain extra chemicals which are harm full for human body, but as far as pure life is concerned it is made by keeping in mind the chemicals which human body requires.

- **NESTLE LOGO & FAMILY BRAND:**

  Pure life use Nestle brand name and the logo of nestle pure life is also showing family care to consumer which is enough to attract the customer. That's why customer gives it preference on other products.

- **COMMUNICABLE:**

  Nestle pure life is a brand of nestle which shows a big sign of quality to customer. Due to its brand name it is very easy to communicate.
KEY SUCCESS FACTORS ANALYSIS

- Quality
- Packaging
- Latest technology
- Research and development
- Distribution network
- Price
- Innovation
- Better equipment
- Partnership with suppliers

CORE COMPETENCIES & KEY SUCCESS FACTORS:

MILK COOLING TANKS

Milpak set up reception centers with cooling facilities where farmers and dodhies, small-time milk merchants, could bring their wares.

It was a simple solution, but difficult in practice: importing the stainless steel chilled containers required was prohibitively expensive. By 1988, the company purchased 120 tons of milk a day from 26,000 farmers.

After acquiring a share in Milpak Ltd in 1988, Nestlé immediately began investing in milk cooling tanks. Between 1988 and 1992, 100 milk tanks were installed.

1992 onwards, with full support from the Nestlé headquarters in Switzerland, reorganization of the milk collection operation and the provision of agricultural technical assistance became top priorities.
MILK COLLECTION SYSTEM

Follow the story of Nestlé's dairy products, from humble beginnings on tiny farms in Sheikhupura district, all the way to your table!

Step 1

A small farmer in rural Sheikhupura district milks his buffalo twice a day and takes about 4 liters to one of Nestlé's 500 Village Milk Collection Centers.

Step 2

At the Village Milk Collection Centre the farmer's milk is poured into aluminum churns. The agent checks the milk's freshness and purity, and enters the quantity into the farmer's logbook. He takes it to one of Nestlé's 1308 Secondary Reception and Cooling Stations, about 2-4 kilometers away.

Step 3

The Secondary Reception Station has a large electrically powered cooling tank. A milk inspector measures the fat content, the non-fat solids content, and the milk's acidity. Once satisfied, he takes the milk to one of 27 Main Reception and Cooling Stations.

Step 4

At the Main Reception and Cooling Stations the milk is poured into huge tanks and is thoroughly checked for quality. The milk is dispatched to the factories.

Step 5

At the Sheikhupura and Kabirwala factories, the milk is processed and packed into the familiar Nestlé cartons you can find in your grocery store. It is checked for quality thrice before being released for sale. Some is processed into yoghurt, powdered milk, or other dairy products.
SUPPLY CHAIN PROCESS

Nestlé Pakistan's supply chain makes sure that Nestlé products are available, no matter where you are in Pakistan.

We integrate processes from the farm to markets, and ensure products are delivered to you at the right time, the right cost and in the right quantities. In the first quarter of 2006 alone, we delivered an astonishing 136 million kg of Nestlé products in Pakistan.

Supply chain was established as a separate department in 2001. Since then, we've achieved a number of milestones, including a cold-chain in 2002, centralized demand and supply planning in 2003, and implementation of GLOBE in 2005.

We were selected for a Best in Class repository study, and three of our best practices were subsequently incorporated into the Best Practices Library.

SUPPLY CHAIN VISION

Our ambition is to achieve high level of customer satisfaction through low cost, highly efficient operations driven by value creation and continuous improvement

SUPPLY CHAIN MISSION

- Optimize and consolidate resources and processes for a low-cost but efficient
- Develop and manage simplified and effective supply network to achieve a high level of service
Create a continuous improvement culture driven by performance measures and reward

VALUE CHAIN ANALYSIS

INBOUND LOGISTIC

Inbound logistics used for milk collection from different milk collection center is centrally owned by nestle Pakistan limited. In Pakistan, logistics has always been a problem especially for sensitive product like milk in the hot weather. Initially the supplier who supplied there milk

MANUFACTURING

Manufacturing is very important part of supply chain. In our factories, the objective is to maximize eco-efficiency – that is to maximize the production of goods, while at the same time, minimizing of consumption of resources and reduce wastage and emissions. The factories are equipped with complete testing and monitoring facilities for wastage and emission enables them to stringently monitor the gaseous environments and ensure that these are in accordance with environmental standards (NEQS).

MILK PROCESSING

Milk reception

The Milk Reception Unit receives milk and liquid milk products for a milk processing plant. The unit measures and pumps the product for buffering or further treatment.

Mixing

Tetra performs in-line mixing for a wide range of powders and liquids for dairy applications such as reconstituted and recombined milk, yoghurt milk, flavored milk, evaporated milk, recombined concentrated milk, ice cream mix, chocolate slurries, and dairy desse
**Heating & cooling**

Heating and cooling are basic processes within dairy processing and take place in plate or tubular heat exchangers. Tetra Pak heat exchangers have high thermal efficiency for low energy consumption.

**Standardization**

Automatic direct in-line standardization of milk and cream, accurate control of fat, fat/solids and non-fat ratio gives better utilization and control of the production parameters.

**Pasteurization**

Along with correct cooling, pasteurization is one of the most important processes in the treatment of milk. If carried out correctly, these processes will supply milk with longer shelf life.

Temperature and pasteurization time are very important factors which must be specified precisely in relation to the quality of the milk and its shelf life requirements etc. The pasteurization temperature for homogenized, HTST pasteurized, regular-grade milk is usually 72-75 °C for 15-20 seconds.

**UHT-treatment**

UHT treatment is a thermal process for preserving liquid milk. UHT stands for Ultra High Temperature and by heating to 137 – 140 °C for a very short time (2-10 s) the micro-organisms are inactivated. If the milk is packaged under aseptic conditions it can be stored at room temperature for months.

**PACKAGING MATERIALS**

Nestlé is committed to reducing the environmental impact of packaging, without jeopardizing the safety, quality or consumer acceptance of its products.

As far as milk is concern packaging is very important, it is perishable item which requires special packaging to preserve it for few months. To meet this objective Nestle Milkpak use teta Pak to deliver fresh milk to its customer without sacrificing in health measures. Nestle have following objectives in mind regarding packaging:
Result in the lowest possible weight and volume of packages whilst still maintaining pack integrity;
Take into account new packaging materials and processes that reduce the impact on the environment of unnecessary transportation;
Avoid the use of substances that can adversely impact the environment during packaging production and disposal;
Decrease packaging waste at all stages in the supply chain, including package manufacturing, utilization and disposal;
Increase the use of recycled materials wherever possible, and increase the recyclables and compatibility of packages with existing waste management schemes.

**OUTBOUND LOGISTICS:**

Outbound logistics concerns finished milk movement from factory to different warehouses located in different cities.

The logistics usually take 3 days to arrive at Nestlé’s warehouses in Karachi from their manufacturing factories at Lahore, kabirwala and shaikhupura

<table>
<thead>
<tr>
<th>Size of item</th>
<th>No. Of cartons</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 liter</td>
<td>1092</td>
</tr>
<tr>
<td>250 ml</td>
<td>1815</td>
</tr>
<tr>
<td>1.5 liter</td>
<td>1040</td>
</tr>
<tr>
<td>500 ml</td>
<td>1750</td>
</tr>
</tbody>
</table>

**DAILY INCOMING AND OUTGOING LOGISTICS:**

Minimum one or two nestle milkpak trucks daily being arrived at each warehouse from the sheikhupura and kabirwala factories, and is distributed in the same amount to the retailers all over the city.

The logistics usually take 3 days to arrive at Nestlé’s warehouses in Karachi from their manufacturing factories at Lahore, kabirwala and shaikhupura.

Nestle milkpak has their owned and outsourced trucks.
### EFE Matrix

<table>
<thead>
<tr>
<th>Key Internal Factors (Opportunities)</th>
<th>Weight</th>
<th>Rating</th>
<th>Weighted Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pakistan is the seventh largest producer of milk</td>
<td>.08</td>
<td>4</td>
<td>.32</td>
</tr>
<tr>
<td>Average yield of Pakistani animals with Europe and USA</td>
<td>.09</td>
<td>3</td>
<td>.27</td>
</tr>
<tr>
<td>Pakistani milk market is 20 billion liters</td>
<td>.08</td>
<td>4</td>
<td>.32</td>
</tr>
<tr>
<td>Nestlé MilkPak has entered the cold dairy market</td>
<td>.06</td>
<td>3</td>
<td>.18</td>
</tr>
<tr>
<td>Capitalize on its superior quality milk</td>
<td>.07</td>
<td>3</td>
<td>.21</td>
</tr>
<tr>
<td>The coffee brand</td>
<td>.09</td>
<td>4</td>
<td>.36</td>
</tr>
<tr>
<td>Credit policy can be adopted to increase sales</td>
<td>.05</td>
<td>2</td>
<td>.10</td>
</tr>
<tr>
<td>Key Internal Factors (Threats)</td>
<td>Weight</td>
<td>Rating</td>
<td>Weighted Score</td>
</tr>
<tr>
<td>-----------------------------------------------------</td>
<td>--------</td>
<td>--------</td>
<td>----------------</td>
</tr>
<tr>
<td>Price fluctuations, Raw material are imported</td>
<td>.05</td>
<td>2</td>
<td>.10</td>
</tr>
<tr>
<td>The uncertainty of economic conditions</td>
<td>.06</td>
<td>3</td>
<td>.18</td>
</tr>
<tr>
<td>The present economic crisis in the world</td>
<td>.05</td>
<td>4</td>
<td>.20</td>
</tr>
<tr>
<td>Competition with Nestlé’s owns smuggled brands</td>
<td>.06</td>
<td>2</td>
<td>.12</td>
</tr>
<tr>
<td>Market segment growth could attract new entrants</td>
<td>.07</td>
<td>3</td>
<td>.21</td>
</tr>
<tr>
<td>Decrease in purchasing power of the people</td>
<td>.06</td>
<td>2</td>
<td>.12</td>
</tr>
<tr>
<td>Effect of Seasonality’s upon sales</td>
<td>.05</td>
<td>1</td>
<td>.05</td>
</tr>
<tr>
<td>No entry barrier</td>
<td>.08</td>
<td>3</td>
<td>.24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>2.98</strong></td>
</tr>
</tbody>
</table>
## IFE Analysis

### Key Internal Factors (Strengths)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Weight</th>
<th>Rating</th>
<th>Weighted Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong brand image and market pull</td>
<td>.06</td>
<td>4</td>
<td>.24</td>
</tr>
<tr>
<td>Large scale organization, Multinational</td>
<td>.04</td>
<td>3</td>
<td>.12</td>
</tr>
<tr>
<td>Distribution networks throughout the country</td>
<td>.07</td>
<td>3</td>
<td>.21</td>
</tr>
<tr>
<td>Quality Products</td>
<td>.08</td>
<td>4</td>
<td>.32</td>
</tr>
<tr>
<td>Environment Friendly</td>
<td>.06</td>
<td>3</td>
<td>.18</td>
</tr>
<tr>
<td>Strong supply chain network</td>
<td>.05</td>
<td>3</td>
<td>.15</td>
</tr>
<tr>
<td>Easy to approach outlets</td>
<td>.04</td>
<td>4</td>
<td>.16</td>
</tr>
<tr>
<td>Focus on research and development</td>
<td>.08</td>
<td>4</td>
<td>.32</td>
</tr>
<tr>
<td>Arrangement of events</td>
<td>.06</td>
<td>3</td>
<td>.18</td>
</tr>
<tr>
<td>Key Internal Factors (Weaknesses)</td>
<td>Weight</td>
<td>Rating</td>
<td>Weighted Score</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>--------</td>
<td>--------</td>
<td>----------------</td>
</tr>
<tr>
<td>Feasibility of new products e.g. Nestea</td>
<td>.05</td>
<td>1</td>
<td>.05</td>
</tr>
<tr>
<td>Relatively a new company in comparison to its rivals</td>
<td>.04</td>
<td>2</td>
<td>.08</td>
</tr>
<tr>
<td>Low levels of inventory maintained</td>
<td>.05</td>
<td>2</td>
<td>.10</td>
</tr>
<tr>
<td>Low sales margins due to highly value added products</td>
<td>.06</td>
<td>2</td>
<td>.12</td>
</tr>
<tr>
<td>Weak marketing (Advertising) of MilkPak</td>
<td>.08</td>
<td>1</td>
<td>.18</td>
</tr>
<tr>
<td>No credit sales</td>
<td>.05</td>
<td>2</td>
<td>.10</td>
</tr>
<tr>
<td>Dependency on others (govt. &amp; sponsors)</td>
<td>.06</td>
<td>2</td>
<td>.12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>2.63</strong></td>
</tr>
</tbody>
</table>
SWOT MATRIX

Figure Enhanced SWOT Matrix

Strengths

- Increase the scope of its product towards smaller cities of Pakistan

Weaknesses

- More advertising of Milkpack Brand

Opportunities

- Compete more aggressively with Olpers and Haleeb using its strong supply chain network

Threats

- Relaunch Nestea with more features and strong marketing (Advertising)
SWOT ANALYSIS

STRENGTHS

- Socially Responsible Company.
- NML’s products enjoy strong brand image and market pull.
- Innovative and constantly growing product line. NML launched 17 new products, including variants of existing products in recent past.
- Sales force is the major resource strength in terms of physical resources of the Periodic research carried out to judge market trends.
- Multinational.
- Growing Sales and profits.
- Major shareholder in the food industry of Pakistan.
- Aggressive Marketing.
- Efficient Distribution networks throughout the country.
- Quality Products.
- Quality product
- Solid Financial position
- Strong supply chain network
- Qualified work force
- Commitment to High Quality Products
- Focus on research and development Estimations of UHT Milk Production and Consumption up to 2008–09

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Production (million liters)</th>
<th>Annual Consumption (million liters)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>648.43</td>
<td>353.71</td>
</tr>
<tr>
<td>2009-10</td>
<td>753.89</td>
<td>372.05</td>
</tr>
</tbody>
</table>
WEAKNESSES

- Selective investment due to uncertain economic and political conditions.
- Feasibility of new products needs to be analyzed, e.g. Nestea was launched some years back but it failed because no customer demand for it existed.
- There is weak marketing of MilkPak as there is no advertisement of MilkPak on official website.
- Lack of awareness among the target market.
- Dependency on others (govt. & sponsors) for the arrangement of events. The target market of Nestle MilkPak is upper middle and high class because lower middle and poor class cannot afford to buy UHT milk due to its premium price.
- It is a main weakness of MilkPak that there are different companies of milk but the name of nestle MilkPak is always stand in the last because of low advertising and marketing.

OPPORTUNITIES

- Pakistan is the seventh largest producer of milk in the world with annual output of over 22 billion liters.
- There are substantial growth opportunities considering the average yield of Pakistani animals at only 1,100 liters/annum as compared to 6,000 liters/annum for animals in Europe and USA. There are nearly 20 million milk producing animals in the country, mostly in Punjab (80%).
- The overall milk market in Pakistan is 20 billion liters, out of which processed milk contributes only 3 million liters. Nestlé MilkPak along with other processed milk businesses contribute only 2% to this large market.
- Nestlé MilkPak has expanded its product range by entering the cold dairy market recently by launching Nestlé plain yogurt and now fruit yogurt is also added to it.
- Credit policy can be adopted to increase sales.
THREATS

- Price fluctuations due to rupee devaluation as raw material are imported.
- The uncertainty of economic conditions poses a great threat as the major funds invested in the country come from outside Pakistan.
- The present economic crisis in the world, led to the withdrawal of foreign management from the company and the investment has come to a halt.
- Legal and ethical issues.
- Market segment growth could attract new entrants.
- Economic slowdown can reduce demand. Two main competitors Haleeb and Olpers are main threat for MilkPak especially the Olpers is growing very fast.
- Inflation is getting higher and higher so the purchasing power of the people is decreasing day by day.
- There is no entry barrier for new entrants as the Olpers has come in the market.
- Taste of consumer has already developed which is hard to change.

ANSOFF GROWTH SHARE MATRIX

This matrix show the diversification strategy
**Figure: Space Analysis Map**

- **Conservative**
  - Market penetration
  - Market development
  - Product development
  - Related diversification

- **Aggressive**
  - Backward, forward, horizontal integration
  - Market penetration
  - Market development
  - Product development
  - Diversification (unrelated or related)

- **Defensive**
  - Retrenchment
  - Divestiture
  - Liquidation

- **Competitive**
  - Backward, forward, horizontal integration
  - Market penetration
  - Market development
  - Product development

- **Environmental stability**
- **Industry strength**
- **Financial strength**
- **Strategic postures**
Grand Strategy Matrix

Quadrant I

- Excellent strategic position
- Concentration on current markets/products
- Take risks aggressively when necessary
PROBLEMS FACED BY NESTLE

Nestle is facing the problem that is regarding the quality of milk. It is being perceive that infant or child belonging to poor family who use low quantity of milk then required in daily use are getting affected.

It is hard to agree the customer to switch to pack milk because of taste which is hurdle for further expansion

MAJOR OPPORTUNITIES IDENTIFIED

- Pakistan is the seventh largest producer of milk in the world with annual output of over 22 billion liters.
- There are substantial growth opportunities considering the average yield of Pakistani animals at only 1,100 liters/annum as compared to 6,000 liters/annum for animals in Europe and USA. There are nearly 20 million milk producing animals in the country, mostly in Punjab (80%).
- The overall milk market in Pakistan is 20 billion liters, out of which processed milk contributes only 3 million liters. Nestlé MilkPak along with other processed milk businesses contributes only 2% to this large market.

FUTURE PLANS

Nestle is planning to enhance its investments in Pakistan and by the year 2014, its total stakes would reach an aggregate of $374 million. The company has chalked out long-term investment plan. Nestle is setting up a most modern and latest milk plant with the cost of $ 70 million which will be operative within next couple of months. Company would invest to the tune of $209 million in five years period ending 2009. Nestle is investing $70 million in milk production by increasing capacity of milk powder by 40,000 tones annually; $44 million would be injected in Sheikhupura factory, $12 has been allocated for expanding milk collection, and $31 million in bottled water plants.
Nestle occupied 85% of drinking water market in all over the Pakistan. In Lahore Nestle Pure Life has 69% of total market, Sparklet has 13% and Cool have 11% and remaining 7% are kept by other local companies. In Karachi 50% of market is kept by Nestle and 25% by AVA and remaining 25% is kept by other local companies. As for as Islamabad is concern Nestle Pure Life has 65% of market Share.
Figure: NESTLE Sales By Product Group

- Beverages: 26%
- Milk Products & Ice Cream: 26%
- Prepared Food: 18%
- Chocolate & Confectionery: 12%
- Petcare: 6%
- Pharmaceutical Products: 6%

Beverages:
- 12% (Blue)
- 12% (Blue)

Milk Products & Ice Cream:
- 26% (Red)
- 26% (Red)

Prepared Food:
- 18% (Orange)

Chocolate & Confectionery:
- 12% (Deep Blue)
- 12% (Deep Blue)

Petcare:
- 6% (Dark Blue)

Pharmaceutical Products:
- 6% (Pink)
**Chart**  

**NESTLE Pakistan Sales**

Sales (in million of rupees)

- **Dividend**
- **Dividend Payout Ratio**

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend</th>
<th>Payout Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>679</td>
<td>0%</td>
</tr>
<tr>
<td>2005</td>
<td>1134</td>
<td>150%</td>
</tr>
<tr>
<td>2006</td>
<td>227</td>
<td>250%</td>
</tr>
<tr>
<td>2007</td>
<td>453</td>
<td>100%</td>
</tr>
<tr>
<td>2008</td>
<td>1882</td>
<td>415%</td>
</tr>
<tr>
<td>2009</td>
<td>2721</td>
<td>600%</td>
</tr>
</tbody>
</table>

Sales (in million of rupees)

- 2004: 12857
- 2005: 17142
- 2006: 22031
- 2007: 28235
- 2008: 34184
- 2009: 41156
CURRENT MARKET SITUATION

Today, Nestlé MilkPak produces in over 81 countries and achieves 98% of its turnover outside Europe. Nestlé MilkPak is the world’s largest milk company, which does 98% of its business. It has an annual turnover of 70 billion Swiss francs, 522 new factories in 81 countries, 200 operating companies, 1 basic research outer and 20 technological development groups, has more than 231,000 employees and more than 8000 products around the globe. There are three companies co-ordinate the activities of some 200 operating companies around the globe. Their functions and details are as follows: The first, Nestlé MilkPak, holds the financial shares in the allied companies. It also checks the profitability of these companies and to ensure the profitability of the group as whole. The second, Nestlé MilkPak, has two areas of activities that are as follows:

- Research and technological development,
- Technical assistance beside this, it provides know-how in engineering, marketing, production, organization, management and personnel training on a continuous basis. The third company is Nestlé World Trade Corporation that oversees the import and export of merchandise worldwide.

MARKET ANALYSIS

In 1986, Haleeb entered the market with its distinctive blue packaging and positioned itself as the thickest natural milk. The two brands were the main players in a market that is the world’s fourth largest milk producing country. Then in 2006, Engro Foods launched Olper’s milk in a market dominated by two highly entrenched strong brands.
CONCLUSION

Nestle is a market leader due to different reasons:
- Its price is high against its competitors but it matches its quality with its competitors.
- Nestle is using its brand name to promote its products & it’s very popular as compared to its competitors.
- Its packaging is good.
- We can easily find Nestle from any retailer shop.
- Due to its advertisement, Nestle attracts more customers & has very prosperous future if it continues to promote its products and bring all the possible innovational aspects using different product line strategies.
- It has always maintained the quality of its products.
- Despite of all the facts, there’s need to maintain the condition of office and enhance the security.
- Behavior of employees is not professional and every department should treat equally.

The objective of this to study marketing strategies of nestle pure water and milkpack. From our report it is concluded that nestle has a good reputation as a strong consumer brand. 66% of the consumers use Nestlé’s products regularly. 60% of the consumer’s associate quality with Nestle. 57.3 % of the consumers prefers Nestle over other brands of pure water that are available in the market. 66% consumers bought Nestle water because of its brand image which is of good quality products. This is also proved by the statistical and graphical analysis of the data obtained from consumers that they are quite satisfied from nestle pure water. Nestle formulating a good strategy and they are trying to go for mass-marketing.
RECOMMENDATIONS

- They should increase their product quality as now a day they are facing problem of impurity of their products. They have to improve the marketing strategies. So that they can capture market and improve their sales.
- Nestle must state in writing that it accepts that the international code and the subsequent relevant World Health Assembly Resolutions are minimum requirements for every country.
- Nestle must state in writing that it will make required changes to bring its Baby Food Marketing policy and practice into line with national Code and Resolutions.

SUGGESTIONS

- Nestle Milk Pack should concentrate on all age groups (by showing its benefits) instead of concentrating just on child growth.
- They should try to create strong brand loyalty among customers.
- They should keep in mind the competing environment while designing their strategies.
- They should concentrate on customer retention.
- They should improve their customer services.
- They should try to exploit the loopholes of their competitor’s products.
- Should try to cater the mind of the customer by creating some attractive jingle like Haleeb: Chai banaye khoob haleeb.....
- Bonus packages and increment in salaries for a selective level of work and efficiency should be awarded to attract the employees’ concern.
- Staff should be made more responsible by implementing strict rules and regulations and taking disciplinary actions against any un-professional behavior.
- Skilled workers of the company should join the security department to enhance the system.
- Long term agreements to be signed with governmental departments.
- A small part of the budget should be spent for the management of the office.
Inventory should be maintained.