**CONSUMER BEHAVIOR IN KEY MARKET 1 (CHINA)**

A study titled **Customer Satisfaction and Brand Loyalty: A Case Study of Nestlé was** conducted by Daisy Mui Hung Kee, Zi Wei Gan, Yi Qi Chan, Hui Tian Lee, Xiang Yee Tan, and Sin Wei Lee from Universiti Sains Malaysia.

The study investigates the relationship between customer satisfaction and brand loyalty through a comprehensive case study of Nestlé. Conducted by scholars from Universiti Sains Malaysia, the project aims to unravel the intricate dynamics influencing consumer perceptions and loyalty towards the Nestlé brand in South-eastern Asia specifically China

To achieve their aim the study was conducted by:

1. Exploring the factors contributing to customer satisfaction with Nestlé products.
2. Examining the correlation between customer satisfaction and brand loyalty.
3. Analysing the impact of marketing strategies on customer perception and loyalty.

Their methodology employs a mixed-method approach, combining qualitative and quantitative techniques. Surveys and interviews are conducted to gather consumer opinions and preferences. Statistical analysis is employed to identify patterns and correlations in the data.

The study reveals a strong positive correlation between customer satisfaction and brand loyalty. Key factors influencing satisfaction include product quality, customer service, and brand reputation. Marketing strategies, such as targeted promotions and social media engagement, also play a significant role in shaping consumer perceptions.

The study's findings, particularly the significant brand loyalty observed among Nestlé customers, align with broader consumer behavior trends in China. Chinese consumers often exhibit strong brand loyalty, influenced by cultural factors such as trust and reputation. Nestlé's enduring presence in the market, spanning over a century, resonates with Chinese consumers who place immense value on established brands. Evidence from consumer surveys in China supports this, revealing that well-established international brands, like Nestlé, enjoy a higher level of trust and loyalty among Chinese consumers compared to newer entrants.

The study's focus on the age group of 18-25 years old provides valuable insights into the role of youth in shaping customer behavior in China. This demographic, often characterized by its openness to global trends and preferences, is instrumental in driving brand loyalty. Evidently, the 40% agreement among respondents that they would exclusively purchase Nestlé products suggests a strong influence of brand loyalty among the younger Chinese population. This aligns with broader observations in China, where the youth play a pivotal role in influencing consumption patterns and contributing significantly to the success of well-established brands.

**Figure 1.0**: Age distribution of Nestle Customers in China

**Figure 2.0:** Comparison of Customer Satisfaction Level

**Table 1.0**: Survey on Nestle Customer Satisfaction (N=100)

|  |  |  |
| --- | --- | --- |
| **RESPONSE** | **FREQUENCY** | **PERCENTAGE** |
| **Nestlé's products meet my expectations** |  |  |
| Strongly Disagree | 0 | 0 |
| Disagree | 2 | 2 |
| Neutral | 23 | 23 |
| Agree | 60 | 60 |
| Strongly Agree | 15 | 15 |
| **I have good experience with Nestlé's products** |  |  |
| Strongly Disagree | 0 | 0 |
| Disagree | 2 | 2 |
| Neutral | 22 | 22 |
| Agree | 64 | 64 |
| Strongly Agree | 12 | 12 |
| **I am happy to purchase Nestlé's products** |  |  |
| Strongly Disagree | 1 | 1 |
| Disagree | 1 | 1 |
| Neutral | 17 | 17 |
| Agree | 56 | 56 |
| Strongly Agree | 25 | 25 |
| **I am satisfied with Nestlé products quality** |  |  |
| Strongly Disagree | 2 | 2 |
| Disagree | 1 | 1 |
| Neutral | 17 | 17 |
| Agree | 55 | 55 |
| Strongly Agree | 25 | 25 |
| **I am satisfied with Nestlé products design and packaging** |  |  |
| Strongly Disagree | 1 | 1 |
| Disagree | 1 | 1 |
| Neutral | 15 | 15 |
| Agree | 59 | 59 |
| Strongly Agree | 24 | 24 |

**CONSUMER BEHAVIOR IN KEY MARKET 1 (UNITED STATES)**

The landscape of U.S. consumer behavior in 2024 is marked by dynamic shifts, where economic uncertainties have propelled value-conscious spending to the forefront. Americans are gravitating towards brands that offer affordability, quality, and multi-functionality. Simultaneously, sustainability has become a focal point, with consumers endorsing eco-friendly packaging, ethical sourcing, and brands committed to social good. The evolving preferences in this realm can be explored through resources like 'The Green Report' by NielsenIQ and 'Sustainable Brands' magazine, providing insights into the intersection of economic considerations and environmentally conscious choices.

The ongoing trend of spending more time at home has elevated the significance of comfort and convenience in consumer choices. The Home Hub phenomenon encompasses the thriving market for smart home technology, athleisure wear, and subscription services catering to food, entertainment, and wellness. Consumers are increasingly seeking personalized experiences, ranging from curated online recommendations to customized fitness programs.

Social media's integration with shopping has reached new heights, with platforms like Instagram, TikTok, and Pinterest becoming influential hubs for product discovery and purchase. The rise of influencers further amplifies this trend, as they wield significant sway in driving consumer preferences and shaping brand perception.

Amidst the technological advancements enabling data-driven decisions, consumers are becoming increasingly aware of the data they generate and its ethical implications. Transparency and control over personal information are now paramount, challenging brands to strike a delicate balance between personalization and respecting privacy boundaries.

**Consumer Trends in United States Impacting Nestlé:**

1. Health and Wellness: Consumers are increasingly prioritizing health and wellness, driving demand for products perceived as natural, organic, and low in sugar or fat. Nestlé has responded with initiatives like its "Nestlé Wellvolution" platform and healthier versions of classic favourites.
2. Sustainability: Sustainability concerns are influencing consumer choices, with a growing preference for eco-friendly packaging, ethical sourcing, and brands with strong environmental commitments. Nestlé's efforts in renewable energy and water conservation resonate with this trend.
3. E-commerce: The rise of e-commerce has shifted purchasing habits, with online grocery shopping and direct-to-consumer platforms gaining traction. Nestlé is adapting by investing in e-commerce infrastructure and partnerships.

The study, conducted by McKinsey in 2016, provides valuable insights into the behavior of American consumers, focusing on their financial outlook, spending habits, and brand loyalty. Here is a comprehensive summary:

**Financial Outlook and Spending Habits**

The survey reveals that, compared to the rest of the world, Americans generally feel optimistic about their financial situation. Despite concerns about economic volatility and political uncertainty, a significant portion of respondents are loyal to their favourite brands and, in some cases, indulging in certain purchases. The data indicates an improvement in financial stability since 2008, with fewer Americans living pay check to pay check and expressing less difficulty in making ends meet.

While economic pressures have lessened, optimism about the country's economy remains low, with only 20% of Americans expressing confidence. The study suggests that even with a potential increase in incomes, consumers remain cautious in their spending. If incomes were to rise by 10%, respondents indicated they would spend only about 21 cents of every additional dollar, allocating the rest to savings and debt repayment.

**Consumer Behaviour Shifts**

The study identifies five key truths about American consumer behavior:

1. Millennial Moms and Savings: Millennial moms lead in seeking ways to save money, engaging in behaviours such as comparing prices, using coupons, and seeking out sales. This demographic segment exhibits a higher inclination toward cost-saving strategies.
2. Brand Loyalty and Cost Considerations: While brand loyalty remains strong, a considerable portion of respondents has modified their buying behavior, with 52% indicating changes. Hispanics, in particular, have a higher rate of modifying buying behavior (61%). Consumers are keen on staying loyal to preferred brands but are more budget-conscious, using discount coupons and seeking lower prices.
3. Reduced "Trade Down”: The trend of consumers trading down to cheaper brands or private-label products has decreased significantly, with only 9% reporting such behavior. The satisfaction level among those who did trade down has increased, with 46% expressing contentment with the quality and value of less expensive options.
4. Selective Splurging: About 9% of consumers decided to trade up in certain categories in 2015, with alcoholic beverages and personal-care products experiencing the highest trade-up rates. The study suggests that higher-end brands in these categories successfully convinced consumers of the value in their products.
5. Multi-Channel Shopping: Consumers are diversifying their shopping channels, allocating a significant portion of their spending to online pure-play retailers, hard discounters, and club stores. The study recommends that consumer-goods companies adapt to this shift by developing a comprehensive channel strategy, including investments in high-growth channels and a robust digital presence.

**Figure 1.0:** Percentage aggreging that they are “adjusting spending to make ends meet,”” having a really hard time”, or “crises”

**Figure 1.1:** Changes in buying behaviour between two years (2021-2022)

**Imperatives for Consumer Companies:**

Based on these consumer behavior shifts, the study proposes imperatives for consumer-goods companies:

1. Create Strong Propositions: Develop propositions and pricing strategies that capture both high-end and low-end markets, especially in categories with high trade-up and trade-down rates. Utilize advanced analytics and revenue-growth-management capabilities for data-driven decision-making.
2. Understand Consumer Segments: Conduct nuanced research to understand the diverse needs and behaviours within core demographic groups such as millennials, boomers, and Hispanics. Tailor strategies to specific subsegments within these groups.
3. Embrace High-Growth Channels: Consumer-goods companies should make assertive moves in high-growth channels, particularly in e-commerce. This includes aggressive investments, partnerships, and a strong digital play to maximize reach and minimize channel conflict.

In conclusion, the study provides a thorough analysis of the financial sentiment and spending behaviours of American consumers. It emphasizes the need for companies to adapt to changing consumer preferences, offering tailored propositions, understanding diverse consumer segments, and embracing emerging channels for sustained success in the dynamic consumer-goods market.

**Key findings from the US Mexit Consumer Sentiment Analysis**

* Consumers Prioritize Saving on Preferred Brands: The most common strategy for consumers in both the US and worldwide is to seek ways to save money on their preferred brands, either through sales, coupons, or lower-priced stores.
* Trading Down to Less Expensive Brands: A significant portion of consumers also consider trading down to less expensive brands or private labels to manage their spending.
* Some Consumers Still Trade Up: Interestingly, a small percentage of consumers in both regions report trading up to more expensive brands, suggesting that economic pressures don't affect everyone's spending habits equally.