**MARKETING STRATEGY (4 P’S) EVALUATION OF THE NESTLE IN CHINA AND UNITED STATES**

**Introduction**

Evaluating Nestle's marketing strategies in these key markets is essential due to the significant market diversity, the company's global market presence, the competitive landscapes, cultural sensitivities, regulatory variances, and its strategic decision-making processes. Insights gained from this evaluation will not only contribute to a deeper understanding of Nestle's market adaptability but also provide valuable lessons for strategic decision-making in the ever-evolving global business landscape.

**Product Strategy**

Nestle adapts its product strategy in both China and the United States by offering a diverse range of products tailored to meet the specific preferences and demands of each market.

In China, nestle focuses on a variety of products, including dairy items like Nestle milk and Nestle slim, popular chocolates such as KitKat, Munch, Éclairs, Polo, and Milky Bar, and the globally renowned coffee brand, Nescafe. Additionally, Nestle introduces specific products like Alpino chocolate to target the gifting segment, recognizing and aligning with local cultural practices.

In the United States, Nestle continues its diversified product strategy with an emphasis on the broad American consumer base. This includes a focus on dairy products, chocolates, and beverages. Products like KitKat, Munch, and Nescafe maintain a presence, catering to the American market's preferences for a mix of confectionery and coffee. The product strategy also involves offering various sizes and packaging options, such as bulk discounts in stores like Walmart and Tesco, ensuring flexibility and catering to different customer segments.

The following table summarizes Nestle's product strategy in China and the United States:

|  |  |  |
| --- | --- | --- |
| **Product Category** | **China** | **United States** |
| Dairy Products | Nestle milk, Nestle slim | Diverse range of dairy products |
| Chocolates | KitKat, Munch, Éclairs, Polo, Milky Bar, Alpino | KitKat, Munch, and other popular chocolates |
| Beverages | Nescafe | Nescafe and other beverage offerings |
| Ready to Cook Foods | Maggi Instant Noodles | Maggi Instant Noodles and other options |

**Price Strategy**

Nestle employs different pricing strategies in China and the United States, considering market conditions and consumer behavior in each region.

In China, Nestle's pricing strategy is based on the perceived quality of the product. For example, the pricing of Maggi, a popular instant noodles brand, is positioned slightly higher compared to other instant noodles brands in the market. This is attributed to the perceived value of the product, where customers are willing to pay extra for better quality. Nestle also follows a competitive pricing strategy in the chocolate segment, with prices similar to competitors like Cadbury. The strategy involves launching different Stock Keeping Units (SKUs) at various price points to cater to a diverse customer base. Additionally, nestle offers bulk discounts in various stores like Walmart and Tesco to appeal to different consumer segments.

In the United States, Nestle's pricing strategy remains adaptable to market conditions. The company continues to position its products based on perceived value and product quality. For instance, KitKat and Munch, popular Nestle chocolate brands, are priced competitively in line with market trends. The pricing strategy involves providing various sizes and packaging options to cater to different customer preferences. Nestle aims to offer flexibility in pricing, ensuring that its products remain competitive and appealing to a broad consumer base.

The following table summarizes Nestle's pricing strategy in China and the United States:

|  |  |  |
| --- | --- | --- |
| **Product Category** | **Pricing Strategy in China** | **Pricing Strategy in the United States** |
| Maggi (Instant Noodles) | Slightly higher pricing for perceived value | Competitive pricing in line with market |
| Chocolates | Competitive pricing similar to Cadbury | Competitive pricing based on market trends |

**Place (Distribution) Strategy**

Nestle's distribution strategy in both China and the United States is characterized by an effective supply chain management system.

In China, most of Nestle's sales and revenues come from European countries, constituting approximately 90 percent of the total sales. The distribution strategy in China follows a Fast-Moving Consumer Goods (FMCG)/Consumer Packaged Goods (CPG) channel. Bulk products are sent from the factory to Central Warehouses (C&F), acting as a hub where products are stored. From there, products are distributed to various distributors and then to retailers, making them accessible to consumers. Nestle employs discounts and tactics to keep these distribution channels active. Notably, Maggi and Nescafe are two products in high demand, and their strong presence helps in promoting other Nestle products. Distributors can often receive discounts on stronger products when they purchase weaker products.

In the United States, Nestle's distribution strategy is adapted to the local market conditions. The company operates in 187 countries and employs approximately 308,000 people globally. Nestle's manufacturing policies emphasize meeting food safety, regulatory, and quality standards, reflecting its commitment to a zero-waste lifestyle. The company engages in acquisitions to mitigate risks and gain exposure to the acquirer's suppliers. Nestle focuses on responsible sourcing to ensure ethical practices in its supply chain.

The table below summarizes Nestle's distribution strategy in China and the United States:

|  |  |  |
| --- | --- | --- |
| **Aspect** | **Distribution Strategy in China** | **Distribution Strategy in the United States** |
| Sales and Revenues Source | Primarily from European countries (90% of total sales) | Adapted to local market conditions |
| Distribution Channel | FMCG/CPG channel, involving C&F, distributors, and retailers | Globally operates with emphasis on meeting quality standards |
| Key Products' Impact on Sales | Maggi and Nescafe play a crucial role in boosting distribution | Focus on acquisitions, zero-waste lifestyle, and responsible sourcing |

**Promotion (Advertisement) Strategy**

Nestle employs a consistent and innovative promotion and advertising strategy to build brand awareness and engage with consumers in both China and the United States.

In China, nestle has a strong presence and focuses on extensive advertising and marketing for its individual brands and products. The company uses various advertising channels, including TV, hoardings, print, online ads, etc. For example, when Nescafe was introduced to the market, nestle created Nescafe tunes, which are still remembered today. The promotion of Maggi, associated with easy-to-prepare two-minute snacks for mothers, has made it popular among kids and mothers. Nestle's advertising strategy emphasizes the quality and nutritional values of its products. Maggi and Nescafe's strong presence at the ground level contributes to boosting sales and promotions.

In the United States, nestle continues its comprehensive advertising and marketing approach, utilizing various media such as TV, posters, print, online ads, and more. The company employs a range of promotional tactics to build brand awareness. For instance, KitKat, a famous Nestle brand, has a clear marketing message of "Have a Break, have a KitKat," which has become associated with the brand. Nestle consistently uses all available media channels to implement its promotional strategy, ensuring a strong product portfolio that distinguishes it from competitors.

The table below summarizes Nestle's promotion and advertising strategy in China and the United States:

|  |  |  |
| --- | --- | --- |
| **Aspect** | **Promotion and Advertising Strategy in China** | **Promotion and Advertising Strategy in the United States** |
| Advertising Channels | TV, hoardings, print, online ads | TV, posters, print, online ads |
| Unique Marketing Ideas | Nescafe tunes, associating Maggi with easy-to-prepare snacks for mothers | Clear marketing message for KitKat: "Have a Break, have a Kitkat" |
| Emphasis on Quality and Nutritional Values | Focus on quality and nutritional values of products | Consistent emphasis on a strong product portfolio and brand messaging |

Nestle's commitment to innovative marketing ideas, emphasis on product quality, and strategic brand messaging contribute to its success in promoting products and engaging consumers in both markets.

**Comparison of Marketing Mix Strategies (China and United States)**

**Table 5.0**: comparing Nestle's marketing mix strategies (4 P's) between China and the United States

|  |  |  |
| --- | --- | --- |
| **Aspect** | **China** | **United States** |
| Product Strategy | Nestle focuses on a diverse range of products, including dairy products, chocolates, beverages, and ready-to-cook foods. Local preferences are considered, and variations may exist. | Similar diverse product range, with a focus on local preferences. Nestle offers a variety of dairy products, chocolates, beverages, and ready-to-cook foods. |
| Price Strategy | Pricing is based on perceived product quality. Nestle follows a pricing strategy influenced by competitors, product quality, and geographic factors. Varied sizes and bulk discounts are common. | Similar pricing strategy, considering perceived quality, competitive pricing in the market. Offers bulk discounts in various stores. Pricing influenced by competitor pricing, product quality, and geography. |
| Place Strategy | FMCG/CPG distribution channel is followed. Products move from factory to C&F, then to distributors, retailers, and finally to consumers. Chocolates face challenges due to strong market players. | Similar distribution strategy, with a focus on FMCG/CPG channels. Products move through intermediaries to reach the end consumer. Challenges in chocolate distribution due to strong market players. |
| Promotion Strategy | Extensive advertising and marketing for individual brands. Innovative marketing ideas, emphasizing quality and nutritional values. Strong presence at the ground level. | Comprehensive advertising and marketing approach. Utilizes various media channels for promotion. Consistent emphasis on a strong product portfolio and brand messaging. |

This table provides an overview of how Nestle adapts its marketing mix strategies in response to the unique characteristics of the Chinese and U.S. markets. The company considers local preferences, competition, and distribution challenges to tailor its approach in each country.

**Conclusion**

In conclusion, the evaluation of Nestle's marketing strategies in China and the United States reveals several key findings. Nestle employs a diverse product strategy, tailoring its offerings to align with local preferences in both countries. The pricing strategy is influenced by perceived product quality, competitive pricing dynamics, and geographical factors. Distribution channels follow the FMCG/CPG model, with variations and challenges, particularly in the chocolate segment. The promotion and advertising strategies showcase Nestle's commitment to extensive and innovative marketing, building brand awareness and emphasizing quality and nutritional values.

Nestle's success in each market can be attributed to its adaptive approach, considering the unique characteristics and demands of Chinese and U.S. consumers. The company's focus on product quality, varied product range, competitive pricing, and extensive promotional efforts contributes to its strong market position. By aligning with local preferences and effectively navigating distribution challenges, nestle has established itself as a leading player in the food and beverage industry in both China and the United States.