

**JUSTINE EJIKEME EKWEM**

STUDENT ID: 10261843

###### Course work:

“A Project Analysing the Business Strategy of Nestle Company”.

###### Module: Global Strategy, Development & Implementation

**August 2023**

**Table of Contents**

[1.0. Introduction 1](#_Toc140717929)

[1.1. Analysis of the food and beverage industry--------------------------------------------------1](#_Toc140717930)-2

[1.1.1 Threat of New Entrants ---------------------------------------------------------------------------3](#_Toc140717931)

[1.1.2 Buyers bargaining power 3](#_Toc140717932)

[1.1.3 Supplier’s bargaining power 3](#_Toc140717933)

[1.1.4 Threat of substitutes 4](#_Toc140717934)

[1.1.5 Competitive rivalry within the Industry 4](#_Toc140717935)

[2.0. Analysis of Nestle from the perspective of Porter’s value chain--------------------------4](#_Toc140717936)-6

[2.1. Primary activities 6](#_Toc140717937)

[2.1.1 Inbound Logistics 7](#_Toc140717938)

[2.1.2 Operations 7](#_Toc140717939)

[2.1.3 Outbound Logistics 7](#_Toc140717940)

[2.1.4 Marketing and Sales 7](#_Toc140717941)

[2.1.5 Service 8](#_Toc140717942)

[2.2. Support Activities 8](#_Toc140717943)

[2.2.1 Procurement 8](#_Toc140717944)

[2.2.2 Technology Development 8](#_Toc140717945)

[2.2.3 Human Resource Management 9](#_Toc140717946)

[2.2.4 Infrastructure 9](#_Toc140717929)

[3.0 Nestle’s VRIO Framework------------------------------------------------------------------------](#_Toc140717938) 9

[3.1 Valuable 1](#_Toc140717939)0

[3.2 Rarity 1](#_Toc140717940)0

[3.3 Imitability 1](#_Toc140717941)1

[3.4 Organization 1](#_Toc140717942)1

[4.0. Nestle External Environmental challenges 1](#_Toc140717943)1

[4.1. Political 1](#_Toc140717944)1

[4.2. Economic 1](#_Toc140717945)2

[4.3. Social 1](#_Toc140717946)2

[4.4. Legal 1](#_Toc140717946)2

[5.0. Conclusion 1](#_Toc140717946)3

6.0 References-------------------------------------------------------------------------------------13-16

**1.0. Introduction**

Nestlé Nigeria plc stands as a stalwart in Africa's food and beverage landscape, solidifying its position as a global leader in nourishment and refreshment. With a legacy spanning nearly six decades, Nestlé has ingrained itself into the hearts and homes of Nigerians, providing a diverse array of high-quality, nutritious offerings. Boasting a workforce of approximately 2,300 individuals across three robust manufacturing hubs, eight strategic branch offices, and a bustling headquarters in Lagos, Nestlé's impact reverberates throughout the nation.

The company's portfolio is a testament to its commitment to excellence, featuring household favourites such as Maggi, Milo, Golden Morn, Nescafé, and Nestlé Pure Life. These brands have become synonymous with quality and reliability, earning the trust of consumers across generations. Nestlé's financial prowess is equally impressive, with a notable 27% surge in sales revenue from N351,822,329.00 in 2021 to N446,819,260.00 in 2022, a testament to its enduring appeal and strategic market positioning (Nestle, 2022).

Delving deeper into its market dynamics, this study seeks to employ Porter's Five Forces model to dissect the competitive landscape of the food and beverage industry. By scrutinizing the forces of rivalry among existing competitors, the threat of new entrants, the bargaining power of buyers and suppliers, and the availability of substitute products, a comprehensive understanding of the industry's attractiveness and profitability emerges. Through this lens, Nestlé Nigeria plc's enduring success shines as a beacon, navigating these forces with agility and foresight to maintain its status as a cornerstone of Nigeria's culinary landscape and a beacon of global enterprise (Hill and Hult, 2021).

**1.1. Analysis of the beverage industry from the view of Porter’s Five Forces Model**

Porter's Five Forces model provides a robust framework for evaluating the competitive landscape and attractiveness of an industry. By dissecting the five key forces—threat of new entrants, buyer power, supplier power, substitution threat, and rivalry among established enterprises—businesses gain invaluable insights into the dynamics shaping their market environment (Porter, 2008).

The threat of new entrants underscores the ease or difficulty with which new players can enter the market, potentially intensifying competition. This force is influenced by factors such as barriers to entry, economies of scale, and brand loyalty among consumers. High barriers, such as significant capital requirements or strict regulations, can deter new entrants, safeguarding established players' market share.

Buyer power examines the influence customers wield in the market. Factors such as the availability of alternative products, price sensitivity, and switching costs determine the bargaining power of buyers. Strong buyer power can lead to pressure on prices and demands for higher quality or service, impacting industry profitability.

On the other side, supplier power assesses the leverage suppliers hold over firms within the industry. Scarcity of key resources, supplier concentration, and the importance of suppliers' products to the industry all affect this force. When suppliers have significant power, they can dictate terms, affecting costs and potentially squeezing profit margins.

The threat of substitution highlights the availability of alternative products or services that can fulfil the same need as those offered by firms in the industry. The easier it is for consumers to switch to substitutes, the more pressure it puts on industry profitability.

Lastly, rivalry among established enterprises delves into the intensity of competition within the industry. Factors such as numerous competitors, slow industry growth, and high exit barriers contribute to fierce competition. Intense rivalry can lead to price wars, innovation races, and aggressive marketing tactics, impacting profitability for all players.

By comprehensively analysing these five forces, entrepreneurs and firms can make informed decisions about entering or exiting industries, crafting competitive strategies, and adapting to changing market conditions (Ole, 2019). This model serves as a valuable tool for strategic planning, allowing businesses to anticipate challenges, capitalize on opportunities, and enhance their overall competitiveness in the marketplace.

**Porter five forces model**

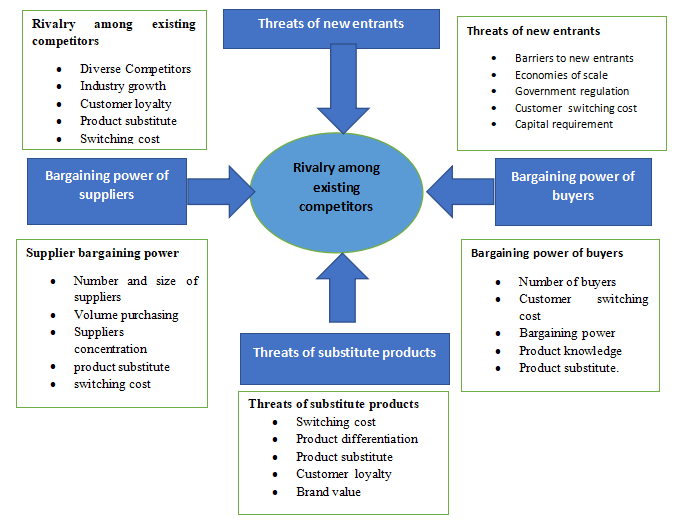


Fig. 1.1: Nestle’s Porters Five Forces

Image sources: Adapted from Michael Porter HBR,2008.

* + 1. Threat of New Entrants (Low)

New entrants determine whether a firm enters an industry. Rivalry increases in profitable industries with low entry barriers, and earnings fall as more companies battle for market share. Portal (2008) states that a new beverage sector entry needs a lot of capital requirements to compete favourably with the existing market. With licensing requirements (NAFDAC, 2023) and raw material access restrictions, government regulation (Portal, 2008) can limit or even prevent entry into the beverage business. Air and water pollution standards and product safety and efficacy laws might impose subtle government entrance restrictions. Nigeria has imposed hefty import taxes to defend its beverage industry (NCS,2023). This could dissuade new companies from entering the business. Nestle must set high quality requirements and entry barrier to prevent potential competitors as part of its competitive strategy (Ryu, 2018). Low new entrant threat makes the food and beverage industry appealing and profitable.

1.1.2. Buyers bargaining power (Medium)

Full information regarding demand, market prices, and supplier costs gives the buyer more bargaining power (Ryu, 2018). With thorough information, the customer may negotiate the best costs and refute providers' assertions of viability threats. Nestle can negotiate price reductions with suppliers and switch to product substitutes if it cannot get or be offered the price it bargained for due to its efficient supply chain management of high-volume raw material purchases with diverse vendors (Okolo, 2019). This strategic position will enable the company lead in cost leadership and economies of scale (Hill, 2011), lowering prices (Ortega, 2010). The beverage industry has moderate attractiveness and profitability due to buyer negotiating power.

1.1.3. Supplier’s bargaining power (Low)

Suppliers with strong bargaining power might sell buyers higher-priced or lower-quality raw materials. The buying firm's profits suffer because it must pay more for materials. However, the low switching cost of consumers in the beverage business lowers suppliers' bargaining leverage because there are multiple suppliers of the same raw materials (Ayub, 2019). This usually happens when a supplier rejects a buyer's price condition. The buyer may leave the deal and choose another supplier. However, Nestle's high volume purchasing strength and global presence can overwhelm suppliers' bargaining power, affecting the quantity of materials to be purchased for economies of scale (Baumers,2016) and cost reduction. The analysis below demonstrates low supplier’s bargaining power.

1.1.4. Threat of substitutes (Medium)

This force is especially dangerous when purchasers can readily find cheaper or superior products with low or without any switching cost (Nashiruddin, 2019). As consumer goods are prevalent for daily use, so the threat of substitutes is high due to buyers’ low switching cost to availability of product substitute (Nashiruddin, 2019). Nestle has used its product differential brand value to compete with its industry rivals. Its health and nutrition goods are a differentiation approach to outperform competitors (Armstrong and Cunningham, 2012), which has increased its market share (Farris, 2010). For instance, Nestle for Healthy Kids is a health initiative for kids and other goods with a balanced diet (Nestle, 2023). The threat of substitute in the beverage industry is medium however, the market is moderately attractive and profitable.

1.1.5 Competitive rivalry within the industry (High)

When there are many rivals, exit barriers are high, industry development is slow or negative, products are not distinctive and can be readily substituted, competitors are equal size, and customer loyalty is poor, competition is intense (Ariffin, 2019). Over the years, the food and beverage industry has been confronted with stiff competition of prominent beverage companies. The availability of product substitutes and many competitors boost competition, which affects industry growth. Customers can simply switch (low switching cost) to product replacement that meets their tastes and needs. Nestle must differentiate products and deliver cost and price leadership to satisfy price-sensitive customers to stay ahead of the fierce competition (Ortega, 2010). The beverage industry has a poor profit margin and low growth due to severe competition (Hungenberg, 2012; Reuters, 2012).

**2.0. Analysis of Nestle from the perspective of Porter’s value chain.**

The concept of value chain analysis, introduced by Michael Porter in 1985, remains a cornerstone of competitive strategy paradigms. At its core, the value chain represents a series of interconnected activities that add value to a product or service. These activities are divided into primary activities—such as inbound logistics, operations, outbound logistics, marketing and sales, and services—and support activities, including infrastructure, procurement, technology development, and human resource management.

By conducting a thorough value chain analysis, organizations can pinpoint inefficiencies, vulnerabilities, or areas of improvement within these activities (Baker, 2004). This process is instrumental in identifying and enhancing an organization's competitive advantages, as outlined by Porter in his seminal work on competitive strategy (Porter, 1985).

Collinson (2020) expands on this idea by suggesting that evaluating a corporation's profit potential across various stages of the value chain provides critical insights into its overall competitiveness and strategic positioning. This analysis allows companies to not only optimize their internal processes but also align their activities with market demands and industry trends.

Now, turning our focus to Nestlé, a comprehensive examination of its alignment with Porter's value chain framework reveals a company deeply entrenched in maximizing value at each stage. From the efficient management of incoming logistics to the meticulous attention to marketing and sales strategies, Nestlé's primary activities are finely tuned to create and deliver value to consumers.

Moreover, Nestlé's support activities, such as robust infrastructure investments, strategic procurement practices, continuous technological advancements, and a strong focus on human resource development, further bolster its competitive edge. These elements collectively contribute to Nestlé's ability to not only deliver high-quality products like Maggi, Milo, Golden Morn, Nescafé, and Nestlé Pure Life but also to adapt swiftly to evolving consumer preferences and market dynamics.

In essence, Nestlé's alignment with Porter's value chain framework underscores its commitment to operational excellence, innovation, and customer satisfaction. By leveraging the value chain analysis paradigm, Nestlé continues to identify opportunities for improvement, strengthen its competitive advantages, and solidify its position as a global leader in the food and beverage industry.

**Porter Value Chain Model**



|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| SUPPORT ACTIVITIES | FIRM INFRASTRUCTURE  **MARGIN**  Quality control mgt. of the firm.i.e compliance, control  Strategic planning process of the company.  Core supply chain solution/ application used by the firm.  Others include, accounting, legal, and general administration | | | | |
| HUMAN RESOURCE MANAGEMENT  Talent search and recruitment process  Training, and motivating its work force.  Create a clear and competitive advantage for the company.  Create conducive workplace conditions.  Staff remuneration  Margin | | | | |
| TECHNOLOGICAL DEVELOPMENT  Managing and processing information through the internet  Protecting the knowledge base of the company  Staying up to date with technological advancement and maintaining technical excellence  Research & development centre.  Developing new food technologies | | | | |
| PROCUREMENT  Purchasing of resources & raw materials required for operation.  Optimize the delivery of raw materials up to the factory.  Sourcing of raw materials  Minimize environmental impact in the supply chain process.  Finding vendors and negotiating best prices | | | | |
| PRIMARY ACTIVITIES | INBOUND LOGISTICS  Warehousing  Transportation  Inventory-control.  Real-time- information | OPERATIONS  Blending  Roasting  Baking  Conversion  Packaging | OUTBOUND LOGISTICS  Warehousing  Transportation  Collection Storage Distribution systems. | MARKETING SALES  Advertisement  Sales Promotion  e-commerce  Market-research  Point-of -sale.  Digital payments | SERVICES  Customer-helpline  Online-services  Warranties  Maintenance  After-sales-services |

Fig. 2.0: Porter’s Value Chain analysis for Nestle.

Image source: Adapted from Porter, M.E. (2004), Competitive Advantage, Free Press

**2.1. Primary Activities.**

2.1.1. Inbound Logistics.

Nestle places emphasis on the implementation of effective supply chain management strategies to maintain a consistent and uninterrupted flow of raw materials and ingredients for its wide-ranging assortment of products. The incorporation of the inbound logistics function inside the company's operations has the potential to significantly enhance its value chain. This is achieved through the efficient transmission of real-time information, hence ensuring the timely delivery of products (Tuomola, 2014). The flow of goods in the supply chain encompasses the movement of raw materials from suppliers to manufacturers, the transfer of finished items from manufacturers to distributors, the delivery of products from distributors to retailers, and ultimately, the acquisition of these products by customers. According to Van (2018), stakeholders such as retailers, customers, suppliers, and manufacturers can promptly retrieve their supply chain data to monitor crucial shipment details.

2.1.2. Operations

Nestle processes raw ingredients into food and beverage products (Grant, 2010). This includes blending, roasting, baking, and packing. Manufacturers spend a lot on packaging design. The Nestle Institute of Packaging Science, the sole food industry research institute, has helped the corporation implement a science-based packaging strategy (Nestle, 2023). The Institute is creating refillable or reusable packaging solutions, simpler or recycled packaging materials, high-performance barrier papers, and bio-based materials to reduce cost, food waste, and product differentiation.

2.1.3. Outbound Logistics:

Nestle's broad distribution network facilitates the global accessibility of its products to consumers. The task at hand includes the administration of warehouses, transportation, and the distribution of goods to either retail establishments or directly to consumers (Libertore and Miller, 2016). To consistently improve efficiency and environmental sustainability in the distribution process, the company has implemented a strategic approach to optimize distribution networks and route planning across all operational networks. This includes exploring potential enhancements in transportation methods, such as utilizing sea transport and rail as alternatives to road transport. Additionally, the company aims to expand driver training initiatives, focusing on both safety and environs (Nestle,2023).

2.1.4. Marketing and Sales

Nestle allocates resources towards marketing and sales endeavour to enhance brand visibility and stimulate consumer interest. The activities encompass advertising, sales promotions, market research, and product positioning (Li, 2014). The primary objective of marketing is to consistently satisfy consumers across many locations, thereby establishing trust, and incorporating environmental sustainability into the company's products and brand communication, when appropriate. Nestle's robust marketing capabilities facilitate customer decision-making by means of credible and substantiated communication, while also capitalizing on pertinent touch points such as e-commerce, point-of-sale, and digital payments to enhance sales and minimize expenses (Porter, 2004).

2.1.5. Service

Nestle prioritizes post-purchase support. This includes online resources, product warranties, and customer helplines. Nestle prioritizes customer service to boost satisfaction and establish long-term partnerships (Nestle, 2023). Manufacturers automatically collect home and email addresses when customers buy online and use this data to give product updates and new product information. In addition to marketing, this capacity can provide support and information on safe product use, recalls, and maintenance. The firm's services and functions have given its products and services a competitive edge.

**2.2. Support Activities**

2.2.1. Procurement

Nestle sourced raw materials and ingredients from global suppliers. It focuses responsible sourcing and sustainable buying to assure ingredient quality and availability while minimizing environmental effect. The corporation uses economies of scale to buy raw materials in bulk from farmers, primary processors, or traders (Baumers, 2016). The company uses local agricultural commodities and promotes supply chain sustainability through Farmer Connect. The “Farmer Connect Programme” (Nestle, 2023), supports farming communities where agricultural raw materials are sourced, provides technical assistance on sustainable production methods, and optimizes raw material delivery to the factory.

2.2.2. Technology Development

Research and development help Nestle innovate product formulas, manufacturing, and packaging. This includes creating and enhancing food technologies to match customer tastes and nutritional needs. The Nestle Research & Development Centre (Nestle, 2023) develops new goods and processes and optimizes existing ones to reduce cost and product differentiation (Ortega, 2010). According to Flyverbom (2019), technology like the internet allows companies to collect, filter, and analyse massive amounts of information from many sources almost instantly and support their primary activities in efficiently delivering their tasks and responsibilities, adding value, and giving the firm a competitive advantage.

2.2.3. Human Resource Management

Nestle sees its workers as one of its most important assets. It focuses on employee motivation (Agwu, 2012), talent acquisition, training, and growth programs to build a skilled workforce. Nestle's HR practices aim to foster a diverse and inclusive culture and make sure employees are engaged and well-trained. Furthermore, the company is building workplace conditions that help all employees take personal responsibility for protecting the environment by encouraging them to apply this policy to their day-to-day activities at work and at home. Finally, the firm is ensuring that environmental sustainability is covered in relevant training, workshops, and meetings to raise the commitment of employees.

2.2.4. Infrastructure

The company infrastructure of Nestle encompasses various functions, including strategic planning, finance, legal, and quality management. The support activities are essential for establishing and maintaining the organizational framework, financial assets, adherence to regulations, and quality assurance required to ensure the continuity of its operations. Furthermore, the company has implemented a novel data solution that employs agile methodology and a phased implementation approach, as reported by Deloitte in 2023(Deloitte,2023). The implementation of this system has proven beneficial for Nestlé in optimizing its global distribution network. The firm has additionally expanded the solution to encompass several other business domains. Furthermore, the issues pertaining to sales forecasting, order prioritization, and the modernization of the data pipeline have been effectively resolved to establish a cohesive data lake that spans across the primary roles within the organizational framework.

**3.0. Nestle’s VRIO Framework**

The VRIO framework serves as a vital tool for organizations aiming to evaluate their internal resources and capabilities to determine if they hold a competitive advantage (Hesternly and Barney, 2014). This framework provides a structured approach to assessing the firm's strengths and weaknesses, helping leaders make informed strategic decisions.

By delving into the VRIO framework, organizations can analyse four key components:

1. Value: This initial step involves assessing whether a resource or capability adds value to the organization's products or services. If a resource contributes significantly to customer satisfaction, market differentiation, or cost reduction, it is considered valuable.

2. Rarity: Rarity examines whether the identified resource or capability is rare or unique within the industry. Resources that are rare are often a source of competitive advantage, as they are not easily replicable by competitors.

3. Imitability: Imitability considers how difficult it would be for competitors to imitate or replicate the resource or capability. If a resource is costly to imitate, lacks substitutability, or is protected by patents or copyrights, it enhances the organization's competitive position.

4. Organization: The final component, organization, refers to the firm's ability to effectively organize and exploit the identified resources or capabilities. Even if a resource is valuable, rare, and difficult to imitate, it must be properly integrated into the organization's processes and strategies to generate sustained competitive advantage.

By systematically evaluating resources and capabilities through the VRIO framework, organizations can identify areas where they excel and areas needing improvement. This analysis guides strategic decision-making, helping organizations focus on leveraging their strengths, addressing weaknesses, and aligning resources with opportunities and threats in the external environment (Collinson, 2020).

Ultimately, the VRIO framework empowers organizations to not only understand their competitive position but also to develop and implement strategies that enhance operational efficiency, effectiveness, and overall performance. It provides a roadmap for sustainable competitive advantage in a dynamic and competitive business landscape.

**VRIO Framework Model**



**Fig.3.0: Nestle’s VRIO analysis**

**Image source: Adapted from Barney and Clark (2007)**

3.1. Valuable

Nestlé's supply chain management skills are a key part of making sure that raw materials, production methods, and the delivery of products are always available and run smoothly (Tuomola, 2014). Effective supply chain management helps cut costs, keep quality in check, and meet customer needs, all of which can help a business stay ahead of the competition. The company also puts a lot of money into research and development centres (Nestle, 2023), which leads to new products, services, and processes, and helps it stay ahead of competitors.

3.2. Rarity

The health and well-being program of Nestle is potentially considered as a rare function in the VRIO framework. In the beverage industry, the programme is unique and has a competitive edge. It has helped the company become a global beverage leader. Through an established health research and development facility, the firm has integrated the health and nutrition plan into its product development life cycle innovation (Nestle, 2023). Nestle's wellness initiative goes above industry requirements to meet customers' health and nutritional demands. The company's product includes health assistance and nutritional education for all ages. For instance, Nestle for Healthy Kids is a health plan for kids and other items with a balanced diet. This market approach differentiates the brand or product from competitors (Armstrong and Cunningham, 2012).

3.3. Imitability

The Nestle value chain relies on economies of scale due to its enormous market and customer base, which drives price power and cost advantage (Baroto, 2012). This means its cost per unit lowers with production volume. If competitors lack resources, distribution networks, or market presence, they may struggle to replicate this cost advantage. Nestle also invests in wheat and renewable agriculture (Nestle, 2023). It can gain cost advantages by producing raw materials locally at lower prices than competitors. Long-term supplier ties, specialized sourcing processes, and exclusive agreements can make it hard for competitors to copy or match.

3.4. Organization

Nestle's management systems and practices cover strategic planning, performance measurement, and talent development. Nestle can exploit its resources and capabilities more efficiently with good management. More crucially, the company's structure integrates roles, decision-making authority, and communication channels (Rezayian, 2005). Effective organizational structure aligns resources and competencies to develop and maintain a competitive advantage.

**4.0 Nestle External Environmental challenges.**

In analysing the external environmental challenges faced by Nestle, it is often helpful to categorize these challenges into distinct dimensions. For the purposes of this study, we can group these challenges into four primary categories: Political, Economic, Social, and Legal (PESL).

**4.1. Political**

Nigeria's political landscape has been marked by significant unrest and instability following the ascension of Muhammadu Buhari to power in 2015. This period has been characterized by political tension, insecurity, and widespread agitation, particularly in terms of terrorism (Ogunro, 2014). Government corruption has also been a pervasive issue, affecting various facets of daily life for Nigerians.

The country's regulatory framework plays a crucial role in shaping its economic landscape, particularly in the industrial sector. The Nigerian constitution mandates the federal government to regulate industries through policies, leading to a mix of liberal and protectionist trade policies over time. Tools such as tariffs, import substitution policies, and domestic support mechanisms have been utilized to manage the flow of goods and protect local industries (NCS, 2023).

One significant aspect of Nigeria's trade policies is the imposition of numerous duties aimed at curbing imports and bolstering local businesses. This protectionist approach seeks to shield native companies that often struggle to compete with imported goods. High tariffs and strict regulations, such as those enforced by the National Agency for Food and Drug Administration and Control (NAFDAC, 2023), are employed to restrict the influx of foreign products into the market.

While Nigeria has signed on to various international trade agreements, the country's economy has faced challenges due to foreign currency fluctuations and a high exchange rate since 2015. These fluctuations can significantly impact the operations of global enterprises operating within Nigeria, affecting profitability and strategic decision-making (Asenge and Torough, 2020).

In summary, Nigeria's political landscape, marked by instability and corruption, intersects with its trade policies and regulatory environment to shape the business landscape. The government's use of protectionist measures, such as high tariffs and import restrictions, aims to support local industries but can also present challenges for foreign enterprises. The impact of these policies, coupled with currency fluctuations, underscores the complexities, and risks inherent in doing business in Nigeria's dynamic and evolving market. Understanding and navigating these challenges are crucial for businesses seeking to establish and grow their operations in the country.

**4.2. Economic**

The food and beverage industry holds immense significance for Nigeria's economy, serving as a critical sector for employment and economic growth. Historically, Nigeria's economy has heavily relied on petroleum resources, contributing 40% to the GDP and a staggering 80% to government earnings. However, the country grapples with a notable unemployment rate of 33.3%, as reported by the National Bureau of Statistics (NBS, 2023).

Economic indicators paint a mixed picture of Nigeria's financial landscape. Inflation rates surged, with headline inflation reaching 22.79% in June 2023 (NBS, 2023). Despite this, the GDP showed modest growth, expanding from 3.40% in 2021 to 3.10% in 2022, reaching $1.085 trillion in terms of purchasing power parity (PPP). However, the country witnessed a reduction in foreign direct investment (FDI) flows due to equity divestment, recording -$187 million in the World Investment Report 2022. On the flip side, greenfield projects experienced growth, climbing by 24% to $2 billion.

The current exchange rate, with $1 equivalent to N820, underscores the currency's challenges and its impact on businesses operating within Nigeria's borders. The World Bank's Ease of Doing Business ranking placed Nigeria at 131st out of 190 economies in 2020, reflecting the challenges faced by companies navigating the regulatory environment (Tende, 2014).

Companies within Nigeria's food and beverage sector have confronted a myriad of operational hurdles in recent years. Poor infrastructure, inadequate electricity supply, and inconsistent government regulations have posed significant challenges. The high unemployment rates and hyperinflation since 2015 have particularly strained Nigerian food manufacturers, impacting the purchasing power of the naira and their ability to compete effectively in the market.

Furthermore, the forces of globalization have reshaped the landscape of operations for companies in Nigeria. The need to adapt to changing consumer preferences, technological advancements, and international competition adds another layer of complexity to the business environment (Hill, 2007).

Navigating these challenges requires a strategic approach that addresses both the internal capabilities of companies and the external factors influencing the market. Companies must innovate to enhance efficiency, adapt to regulatory changes, invest in infrastructure where possible, and explore new markets to mitigate risks associated with local economic conditions.

In conclusion, the food and beverage sector in Nigeria, while vital to the economy, operates within a complex and challenging environment. Companies must remain agile, resilient, and proactive in their strategies to thrive amidst economic fluctuations, regulatory shifts, and global market dynamics.

**4.3. Social**

Nigeria stands as a vibrant tapestry of diverse cultures and ethnicities, boasting a population of over 200 million people, with a significant 70% being youth. However, this demographic also grapples with a notable 33.3% unemployment rate, as reported by the National Bureau of Statistics (NBS, 2023).

The country is home to three major tribes—the Igbo, Hausa, and Yoruba—each contributing unique cultural nuances, preferences, and lifestyles to the market landscape. This diversity presents both opportunities and challenges for businesses, particularly in the realm of marketing and communication strategies. Understanding and adapting to the varied tastes, preferences, and cultural norms of these distinct target markets are paramount for success.

Effective marketing in Nigeria's diverse landscape necessitates a tailored approach that resonates with each group. This includes language adaptation to reach different linguistic groups, incorporating culturally relevant iconography and symbols, and localizing flavours, materials, and packaging to align with local tastes and customs.

Moreover, understanding the media landscape in Nigeria is crucial for effective communication. Companies must identify and utilize local media outlets that hold sway in specific regions or among demographics. This ensures that marketing messages reach the intended audience in a meaningful and impactful manner.

Nestlé's success in Nigeria can be attributed not only to its well-coordinated company policies, processes, and quality controls but also to its keen ability to anticipate and meet customer demands. The company's commitment to producing high-quality, competitive, and innovative products resonates with consumers, particularly in a market where health consciousness is on the rise.

As health concerns become increasingly pertinent, Nestlé has adapted by offering products tailored to meet these evolving consumer needs. For instance, the introduction of low-sugar options aligns with the growing demand for healthier lifestyle choices among Nigerian consumers.

In essence, Nestlé's ability to navigate Nigeria's diverse cultural landscape, adapt its marketing strategies, and innovate with relevant product offerings underscores its success in the market. By staying attuned to local preferences, understanding the nuances of each target market, and consistently delivering value through high-quality and innovative products, Nestlé maintains its position as a trusted brand in Nigeria's competitive food and beverage industry.

**4.4. Legal**

Since its transition to democracy in 1999, Nigeria has seen significant developments in its trade policies, aligning itself with various international organizations and treaties such as the World Trade Organization (WTO), the European Free Trade Area, the African Continental Free Trade Area (AfCFTA), and the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). These agreements have been instrumental in creating a framework for a continental customs union, streamlining trade processes, and encouraging long-term investments. They have also facilitated the movement of business travellers and capital across borders, fostering economic growth.

However, Nigeria has also taken measures to protect its domestic industries, particularly against the influx of foreign goods. This includes raising import duties on certain food items, aimed at preserving local jobs and industries. While this protectionist stance has its benefits for the domestic economy, it can also impact the operations of multinational companies operating in Nigeria, potentially affecting product demand and market dynamics.

Despite these economic strides, concerns have been raised about the Nigerian legal system. Criticisms of inconsistencies in interpreting the rule of law and delivering timely justice have been voiced by well-meaning Nigerians. This challenge in the legal system can pose difficulties for companies seeking fair and efficient legal resolutions, potentially affecting their operations and strategies in the Nigerian market. It highlights the importance of addressing legal reforms to create a more conducive environment for businesses and investors alike.

**5.0. Conclusion**

In conclusion, as Nestle navigates the dynamic landscape of the beverage industry in Nigeria, it becomes imperative for the company to thoroughly evaluate its business environment and devise strategies to effectively adapt to competition and evolving technology. The industry itself stands as a testament to its competitiveness, constantly evolving with the entry of new players who could potentially disrupt market dynamics and impact Nestle's profitability.

To thrive in such an environment, the firm must focus on offering high-quality products that are also affordable, ensuring they remain appealing to consumers amidst new entrants. This entails a keen understanding of consumer preferences, market trends, and the ability to innovate swiftly to meet changing demands.

Competitiveness in the industry demands more than just a quality product. It necessitates a robust strategy encompassing flexible pricing models that can adjust to market fluctuations, solid marketing initiatives that resonate with target audiences, and a commitment to excellent customer service. These elements not only help in retaining existing customers but also in attracting new ones, fostering brand loyalty and market presence.

In essence, in the face of competition and technological advancements, Nestle, like other enterprises in the industry, must continuously evolve its strategies, innovate its offerings, and maintain a customer-centric approach. Only then can it effectively navigate the competitive landscape and secure its position as a key player in the Nigerian beverage market.

**6.0 References**

Ariffin, A. S., & Sahid, M. L. I. (2018). Competitiveness analysis of ASEAN automotive industry: a comparison between Malaysia and Thailand. Journal of Science, Technology, and Innovation Policy, 3(2).

Armstrong, G., & Cunningham, M. H. (2012). Principles of marketing. Pearson Australia.

Agwu, M. (2012). Impact of Employees Safety Culture on Organisational Performance in Shell Bonny Terminal Integrated Project (BTIP): European Journal of Business and Social Sciences, Vol. 1, No. 5, pp 70-82.

Ayub, S. E., Kwendo, E., & Liyayi, C. S. (2019). Effect of Differentiation Strategies on the Performance of Mobile Phone Service Providers in Kenya. Int. J. of Multidisciplinary and Current research, 7. (n.d.).

Baroto, M. B., Abdullah, M. M. B., & Wan, H. L. (2012). Hybrid strategy: a new strategy for competitive advantage. International Journal of Business and Management, 7(20), p120

Baker, D. (2004). The Strategic Management of Technology: a guide for library and information services:Elsevier

Baumers, M., Dickens, P., Tuck, C. and Hague, R. (2016). The cost of additive manufacturing: machine productivity, economies of scale and technology-push. Technological forecasting and social change, 102, pp.193-201.

Flyverbom, M., Deibert, R. and Matten, D.(2019). The governance of digital technology, big data, and the internet: New roles and responsibilities for business. Business & Society, 58(1), pp.3-19. (n.d.)..

Farris, P. W.; Neil T. B; Phillip E. P; & David J. R (2010). Marketing Metrics: The Definitive Guide to Measuring Marketing Performance. Upper Saddle River, New Jersey: Pearson Inc..

Grant, R.M. (2010). Contemporary Strategy Analysis. 7th ed. John Wiley & Sons, p. 239-241.

Hill, C.W.L(2007) International Business, Competing in the Global Marketplace (6th ed.). McGraw Hill Irwin

Hesterly,W. and Barney, J.B.(2014)Strategic Management and Competitive Advantage Concepts and Cases.Global Edition.Noida:Pearson Education Limited.

Hill C. (2011) International business: Competing in the global marketplace, New York: McGraw-Hill Irwin

Hill, C.W.L and Hult, G.T.M (2021) International Business, Competing in the Global Marketplace. 13th ed. New York: McGraw Hill Education.

Hunger, J.D. and Wheelen, T.L. (2014) Essentials of Strategic Management: New International Edition. 5th ed., Harlow, UK: Pearson Education Limited.

Li, L. (2014). Supply Chain Management and Strategy. Managing Supply Chain and Logistics, 3-36

Liberatore, M.J. and Miller, T.(2016). Outbound logistics performance and profitability: taxonomy of manufacturing and service organizations. Business and Economics Journal, 7(2), p.1000221

Markets, M. (2014). Case Study: Nestlé SA. Strategic International Management

Mugo, P. (2020). PORTER’S FIVE FORCES INFLUENCE ON COMPETITIVE ADVANTAGE IN TELECOMMUNICATION INDUSTRY IN KENYA. European Journal of Business and Strategic Management, 5(2), p.30. doi:https://doi.org/10.47604/ejbsm.1140.

Ortega, M. J. R. (2010). Competitive strategies and firm performance: Technological capabilities’ moderating roles. Journal of Business Research, 63(12), 1273-1281.

Ogunro, V.O.(2014). Nigeria’s business environment: issues challenges and prospects. International Journal of Academic Research in Business and Social Sciences..

Porter, M. (1985). Competitive advantage: Creating and sustaining superior performance. New York :London: Free Press; Collier Macmillan

Porter, M.E., (1998), Competitive Advantages of Nations, MacMillan Business

Porter, M.E.(2008). The five competitive forces that shape strategy. Harvard business review, 86(1), p.78.

Hungenberg, H. (2012), Strategisches Management in Unternehmen, Gabler Verlag, Wiesbaden.

Nashiruddin, M. I. (2019). Creating Competitive Advantage in the Turbulent Business Environment: Lesson Learned from Indonesia Telecommunication. Buletin Pos dan Telekomunikasi, 17(1), 31-46

Okolo, V. O. (2019). Impact of corporate social responsibility strategies on consumer patronage of telecommunication industry: an MTN experience in Enugu state. Problems and perspectives in management, (17, Iss. 1), 216-229

Ole Kulet, J. L., Wanyoike, D. M., & Koima, J. K. (2019). Effects of best product strategic positioning on organizational performance in telecommunication industry. Kenya. The Strategic Journal of Business & Change Management, 6(1), 387-400..

Ogunro, V.O.(2014). Nigeria’s business environment: issues challenges and prospects. International Journal of Academic Research in Business and Social Sciences

Porter, M.E., (1998), Competitive Advantages of Nations, MacMillan Business

Porter, M.E. (2004), Competitive Advantage, Free Press

Porter, M. (1985). Competitive advantage: Creating and sustaining superior performance. New York :London: Free Press; Collier Macmillan

Ryu, M. H. (2018). The Value Co-Creation Strategy for Telecommunication Carriers: Focusing on the Assessment of Potential Strategic Alliance Partners. Procedia Computer Science, 139, 338-346

Reuters (2012), ‘Kaffeekapseln lassen Nestle-Umsatz steigen’, Handelsblatt, available at: www. handelsblatt.com/unternehmen/industrie/lebensmittelkonzern-kaffeekapseln-lassen-nestleumsatz-steigen/6533202.html (accessed January 10, 2014).

Rezayian, A.( 2005). The basics of organization and management. Tehran. SAMT publications

Tende, S. B. A. (2014). Government initiatives toward entrepreneurship development in Nigeria. Global Journal of Business Research, 8(1), 109-120.

Tuomola, E. (2014). Introducing an effective inbound logistics concept to the automotive industry. Jyväskylä: JAMK University of Applied Sciences.

Van Duinkerken, W., Kaspar, W. A., & Sullenger, P. (2018). Library Storage Facilities: From Planning to Construction to Operation. Chandos Publishing..

Wheelen, T. L., Hunger, J. D., Hoffman, A. N., and Bamford, C. E. (2018) Strategic Management and Business Policy: Globalization, Innovation and Sustainability, 15th Global ed. Harlow, UK: Pearson Education Limited .

World Bank. (2018). The World Bank Ease of Doing Business 2017/2018 Report. Ease of doing business index data. Retrieved from [www.worldbank.org](http://www.worldbank.org)

Website

<https://customs.gov.ng/>

<https://nigerianstat.gov.ng/>

<https://www.nestle.com/about>

<https://unctad.org/news/investment-flows-africa-dropped-45-billion-2022>

<https://www.worldeconomics.com/Country-Size/Nigeria.aspx>

<https://www.nafdac.gov.ng/resources/guidelines/>

<https://doclib.ngxgroup.com/Financial_NewsDocs/Nestle_Nigeria_Plc_2022_AFS.pdf>

https://www.nestle.com/sites/default/files/2023-02/2022-financial-statements-en.pdf -use it to check for the financial performance