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**GROUP ASSIGNMENT**

**CASE STUDY**

**(NESTLE)**

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**EXECUTIVE SUMMARY**

Our focus for this project is to identify the problem that faced by the company we choose and the reason behind Nestle company declining sales. Nestlé is a multinational food and beverage company that has faced boycotts and criticism for a variety of reasons, causing their sales to decline. The specific problems that are causing boycotts include social, environmental, human rights, and ethical concerns. Fluctuations in consumer behaviour: Nestlé's sales have declined due to factors such as the war in Ukraine, which has disrupted economies and consumer spending patterns.

Controversial business practices and Nestlé has been supporting the Israel and depleting and polluting water sources, which has led to boycotts. Nestlé should address the concerns of its critics by taking steps to improve its social, environmental, and human rights record. The company should also be more transparent about its business practices. Overall, Nestlé is a large and successful company, but it needs to do more to address the concerns of its critics if it wants to continue to be successful in the long term.

While Nestlé's current sales decline presents a significant challenge, the implementation of a well-crafted sensory marketing strategy can offer a promising path to recovery. By engaging consumers across multiple sensory modalities and creating positive brand associations, Nestlé can rebuild trust, strengthen brand loyalty, and ultimately drive sales growth.

**1.0 Company Background**

The international food and beverage corporation Nestlé is based in Vevey, Switzerland. In terms of revenue, it is the biggest food corporation globally. It employs over 339,000 people, operates in 189 countries, and has 447 plants. It is one of the major investors in L'Oreal, the biggest cosmetics firm in the world. Nestlé was created in 1905 by the union of the "Farine Lactée Henri Nestlé," founded in 1867 by Henri Nestlé, and the "Anglo-Swiss Milk Company," founded in 1866 by brothers George and Charles Page. Nestlé was founded in the 1860s, and its history is long and complex. The Page brothers founded the Anglo-Swiss Condensed Milk Company in Cham, Switzerland, in 1866. The firm manufactured condensed milk that had been sweetened, a popular product in the 19th century. The first baby formula known as Farine Lactée Henri Nestlé was created in 1867 by Swiss pharmacist Henri Nestlé. The product was a nutritional breakthrough for newborns and many baby lives were saved.

After World War I, Nestlé continued to grow and expanding. The company introduced more factories throughout the world and opened new products including KitKat and Nescafé. Millions of newborns across the world were fed with Nestlé's products as it also came to dominance in the baby food market. Nestlé came into criticism in the 1970s and 1980s for its marketing strategies, especially the way it promoted baby formula in developing countries. In addition, the business was accused of using unethical business practises such price-fixing and bribery. Since then, Nestlé has worked to repair its image and promised to adhere to stricter ethical standards. Nestlé is a multinational corporation that offers a variety of goods nowadays. The firm is dedicated to giving people all throughout the world wholesome, high-quality food. As part of its commitment to sustainability, Nestlé is making efforts to reduced its impacts on environmental issues.

A group of logos on a computer screen

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**2.0 PROBLEM STATEMENT**

Nestlé has faced boycotts and criticism for a variety of reasons, causing their sales to fall over the nine months to September and currently ongoing declining due to current issue and even the past years Nestlé’s sales also decreased due to other issues. The specific problems that are causing boycotts include social, environmental, human rights, and ethical concerns. The boycott also based on the company’s long history of concerning business practices, particularly with regard to its exploitation of natural resources and human rights abuses.

a. ISSUES OF SALES DECLINED

Fluctuations in consumer behaviour based on pricing and economic factors are common challenges for companies, including Nestlé. Nestle reported that total company sales fell 0.4% to 68.8 billion Swiss francs (US$76.5 billion) in the nine months to September, due to foreign exchange rate fluctuations. This is because of the conflict between Russia and Ukraine, indeed have significant effects on economies and consumer spending patterns, both in the countries directly involved and globally. Trade, investment, and overall economic activity can be disrupted by war and geopolitical tensions. Currency value changes can be caused by geopolitical instability. A country's currency depreciation can affect imports and inflation, changing consumer pricing and spending patterns. Uncertainty about the future, along with economic difficulties, may cause customers to cut back on spending, save more, or change their shopping habits. In addition, Nestlé also stand with the people of Ukraine and their employees there. Since of the outbreak of the war in Ukraine, Nestlé have drastically reduced their portfolio in Russia and implemented the actions they announced in 2022. They also stopped advertising in Russia and suspended further capital investment in the country.

Nestlé's reported support the Israel government has been a subject of controversy, with some individuals and groups claiming that it actively contributes to the ongoing conflict and humanitarian crisis in the Palestine. These critics argue that Nestlé's involvement indirectly supports what they describe as the genocide of Palestinian people. The Israeli-Palestinian conflict is a deeply rooted issue that has been ongoing for decades. It involves a multitude of political, historical, and socio-economic factors, making it challenging to draw. As a grassroots movement, many people firmly believe in the power of collective action to effect positive change, and it is within this framework that the community stand in solidarity with the Palestinian people, amplifying their voices and advocating for their rights. Starting October 2023, people around the world started boycotting Nestlé product and it led to their sales declined.

Other than that, Nestlé has been accused of depleting and polluting water sources in countries such as the United States, Pakistan, and Brazil. The corporation has been accused of draining water from natural sources in locations where residents are experiencing water shortages, frequently without compensation. The ecology and the communities that rely on these water sources have suffered as a result. Nestlé's practices are not only unethical, but also unsustainable, causing significant environmental damage and human misery.

**3.0 SENSORY MARKETING**

Sensory marketing, also known as multi-sensory marketing, is an effective method that engages customers using all five of their senses: sight, sound, touch, taste, and smell. Brands can establish stronger connections with their audiences, improve brand memory, and ultimately increase sales by delivering immersive and evocative experiences. The definition of sensation is the immediate response of our sense receptors, which are the eyes, ears, nose, mouth, and fingers, to basic stimuli such as light, colour, sound, Odor, and texture. Brands can establish stronger connections with their audiences, improve brand memory, and ultimately increase sales by delivering immersive and evocative experiences. In today's competitive economy, simply providing a product or service isn't enough. Sensory marketing cuts through the chaos by triggering emotional responses and leaving a lasting impression.

4.1 Sights

In sensory marketing, sight reigns supreme, serving as the first point of contact and potentially the strongest influencer of consumer opinion. It's all about harnessing the power of graphics to create engaging experiences, unforgettable relationships, and, ultimately, brand loyalty. In the context of sensory marketing, sight can be effectively utilized through a variety of techniques. These include attention-grabbing images, photography and videography that capture the viewer's attention, and creative design components that use colour psychology to trigger desired emotions. For example, the famous red and white color scheme of Nestle packaging makes it easily recognizable and fosters a sense of familiarity and trust.

4.2 Touch

Touch is a great tool for creating a more intimate and personal connection with customers. It is like a compelling tune in the sensory marketing orchestra. It all comes down to using the physical experience to strengthen memory, foster trust, and eventually influence buying decisions. Touch may help your brand resonate with customers in several ways. The first is improved product perception through high-quality materials, interactive displays, demonstrations, and tutorials. The second is using test drives and samples to create an emotional connection and sense of trust or branding through texture. The final one involves using Braille packaging for visually impaired consumers to stimulate the senses in different ways. For instance, by providing samples of new flavours or goods, nestle enables consumers to try the texture and flavour for themselves, enhancing engagement and the possibility that they will make a purchase.

4.3 Sounds

Sound is an important and melodic component of the multi-sensory marketing symphony; it draws in viewers, sets the mood, and eventually shapes their purchasing decisions. It's about using music, sound effects, and even ambient noise to construct a marketing narrative that connects with your target audience. Here are some ways that sound can improve your brand experience. The first is eye-catching and branding, with catchy music and jingles, one-of-a-kind sound effects, and audio branding. The following is mood setting and narrative, which includes music to fit the occasion, sound effects for immersion, and voice branding. The final one involves engaging the senses in unconventional methods through interactive audio experiences. For example, in their commercials, the sizzle of a KitKat being bitten into, the crunch of cereal being poured, or the enjoyable slurp of a milkshake all contribute to the sensory experience and improve the perceived flavour and enjoyment of the product.

4.4 Scents

The majority of sensory marketing firms are well aware that one of the most crucial senses for branding and marketing is smell. Because our sense of scent is linked to our limbic system, it can influence how we react and what we remember about the branded experience. Here's how smell may improve your brand's experience. The first involves memory and association through trademark fragrances. The following one is improved brand perception. Certain aromas, such as vanilla or leather, can evoke feelings of elegance and refinement, adding value to your company's image. For example, some Nestle stores, particularly ones specializing in coffee or bakery products, may use scents diffusers to create a pleasant, inviting aroma of freshly brewed coffee, roasted almonds, or freshly baked bread. This improves the atmosphere and stimulates purchasing desires.

4.5 Taste

Taste is without a doubt the maestro of the sensory marketing orchestra. With it, marketers can unleash a powerful orchestra of memories and emotions in their target audience. It's about going beyond product features and establishing extremely personal, taste-centric experiences that forge long-lasting bonds with your brand. By engaging the senses, taste may boost your brand experience. Offer samples of your products to customers to give them a first-hand tasting experience. Consider food and beverage brands in supermarkets or cosmetics companies providing testers at makeup stores. For instance, the language used in Nestle product descriptions is sensual and evocative. Consider phrases like "creamy," "rich," "crispy," and "delectable" that paint an image of the taste and feel for the buyer.

**4.0 RECOMMENDATION**

We strongly recommend the relaunch of the diverse goods that have already been manufactured. Nestle is the largest international firm with a wide range of products, including products and infant nutrition. Here are the reasons why corporations should do so:

1. **To begin with Sensory Marketing:**

Every company should utilise the five senses to determine consumers' perceptions and concepts around a specific product. The five senses that the company can employ are sight, sound, touch, taste and smell. By including these five attributes’ sales can be enhanced by effectively enticing clients to make purchases from their company.

The very first sense is sight. By utilising the sense of sight, Nestle has the ability to invest in aesthetically pleasing packaging that accurately represents the wide variety of products it offers. Employing bold colours, culturally diversified visuals, and visually appealing patterns can effectively engage a wide-ranging audience. Following that, we have sound. Nestle has the ability to produce unique and recognisable jingles or brand sounds that are connected to its wide range of products. These audio triggers have the ability to induce favourable emotions and establish brand familiarity. For instance, a memorable melody that emphasises the diverse range of merchandise might provide an enduring impact. In addition, through the use of touch, Nestle can investigate innovative packaging materials that offer an unusual touch encounter for consumers. This could mean including textured surfaces, engraved patterns, or materials that create a perception of superior craftsmanship and uniqueness. The addition of a sensory aspect improves the overall product experience. The use of shapes, curves, and designed forms can enhance the physical experience, hence distinguishing the objects on display.

Moreover, in the sense of taste. Nestle should consider organising taste-testing events or offering in-store samples to provide consumers with a direct encounter of the wide range of flavours available. Consumers are able to build a sensory connection with the products through this experience technique. The last sense required is smell. Highlighting the fragrances of food and beverage goods can be an effective tactic. Nestle can employ aroma marketing strategies that create favourable feelings and emphasise the appealing fragrances of its wide range of products. Nestle should consider adding aromas into their packaging that are subtly connected to the product, in order to enhance the multisensory experience. For instance, coffee packaging has the potential to emit the scent of recently crushed coffee beans.

1. **In addition with SWOT Analysis**

The implementation of a SWOT analysis will allow Nestle in attracting a larger consumer base and reestablish their products as the preferred choice among consumers. These features build increased consumer trust, stopping any hesitation in purchasing their product. SWOT includes of strengths, weaknesses, opportunities, and threats.

**STRENGTH**

Nestle possesses significant strengths that are rooted in the diversity of its large collection of goods, which includes a wide range of globally recognised brands across many categories. Nestle's knowledge reaches across various sectors, ranging from the captivating aroma of Nescafe in the coffee industry to the stimulating appeal of Nestle Pure Life in beverages, and the wholesome qualities of Gerber in baby food. Nestle's wide range of products and services establishes it as an innovative company in the industry, particularly capable of meeting the specific and varied demands of a wide consumer base.

The global impact of Nestle is strengthened by its strong brand awareness and widespread presence in many countries and cultures, making it easy to operate across diverse areas. Nestle's vast global presence acts as an effective force for penetrating markets, allowing the company to develop a widespread presence and adapt to the varied preferences of people around the globe.

In addition, Nestle's comprehensive approach to business is demonstrated through its focus on corporate social responsibility, environmentally friendly purchasing procedures, and constant commitment to product quality. These three principles not only match the changing demands of mindful consumers but also cultivate a strong sense of trust and loyalty. Nestle has established itself as a brand that not only provides high-quality products but also appeals to consumers who value social and environmental responsibility. Nestle's strengths can be described as a combination of innovation, worldwide influence, and integrity in business, which contribute to its position as a leading company in the industry.

**WEAKNESSES**

Nestle, with its significant capabilities, faces visible weaknesses that require strategic attention. The wide range of products offered by the company, which is crucial to its success, poses a complex problem in properly managing and promoting each individual brand. Although diversity can be advantageous, there is a possible risk of unequal attention being given to different items, which could result in some products being overshadowed by others. This requires a careful balancing in distributing resources and managing the brand to guarantee equal visibility and market representation for all products or services.

Furthermore, Nestle has faced intermittent scrutiny about its marketing strategies and product disputes, highlighting the significance of careful brand administration. These situations highlight the importance of taking a proactive and responsive approach to minimise reputational risks and maintain consumer trust.

**OPPORTUNITIES**

Nestle is well-positioned for taking advantage on numerous intriguing consumers, since it can effectively adapt its tactics to changing customer tastes and global trends. The increasing need for more nutritious and environmentally-friendly food choices provides Nestle with a great opportunity to create and introduce products that appeal to the selective preferences of health-conscious consumers. This possibility not only allows for market expansion, but also serves as a means for Nestle to strengthen its dedication to promoting well-being and sustainability.

Exploring emerging areas that have growing middle-class populations presents an interesting opportunity for Nestle. The possibility of expanding the market and reaching more consumers in these regions presents the opportunity for earning more money and establishing lasting brand loyalty. Within the current period of technological progress, Nestle has the chance to utilise state-of-the-art technology to improve operational efficiency and communicate with consumers more effectively. Adopting digital platforms can open up new opportunities for reaching and engaging with consumers, developing brand loyalty through customised experiences and interactive interaction.

Moreover, the current state of collaborative businesses, mergers, and purchases in the food and beverage industry offers Nestle strategic opportunities. Through active engagement in such initiatives, the company can expand its already wide-ranging collection of assets, strengthening its position in the market and ensuring ongoing significance in a dynamic and competitive industry. These opportunities not only support Nestle's dedication to customer well-being but also establish the firm as an innovative and adaptable in the global market.

**THREATS**

Nestle is confronted with a range of possible risks that indicate the necessity for smart management tactics. The continuous threat to Nestle's market dominance arises from fierce competition, coming from both well-established industry competitors and innovative newcomers. In order to comply with and maintain customer trust, it is crucial to be highly adaptable due to the constantly changing food safety standards and labelling regulations in the regulatory landscape.

The presence of economic uncertainty and volatility in commodity prices pose as further risks, affecting the expenses of production and could cause challenges to Nestle's profitability. Moreover, the current consumer's increased consciousness of health and wellness represents a possible risk to specific product categories. To successfully navigate this terrain, Nestle must adopt a proactive strategy. This involves syncing its products with shifting consumer tastes and industry standards, ensuring that its range of offers is not only varied but also in line with the increasing demands of health-conscious customers.

**5.0 CONCLUSION**

A company with a popular brand for food and beverage will indeed face a difficult time when facing a critical point in their sales management even if it only for a short period of time. So, in order to change the problem, they must find a best way to avoid the problem from happening again. As we can see through the description given along with clear evidence, we can see many factors that have led to the decline in sales by this nestle company. But there are some reasonable steps that can be taken to overcome the decline in sales. The company should address these challenges and revive sales, Nestlé can implement a sensory marketing strategy that engages consumers on a deeper level, creating positive associations and brand loyalty. This strategy could focus on visual, touch, sounds, scents, and taste. By effectively utilizing all five senses, Nestlé can create a more immersive and engaging brand experience, potentially winning back customers and driving future growth.

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