



## ORIGINAL RESEARCH PAPER

## Management

### SWOT ANALYSIS OF NESTLÉ INDIA

**KEY WORDS:** Nestlé India, SWOT analysis

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#### ABSTRACT

The strengths, weaknesses, opportunities and threats (SWOT) analysis is a strategic management tool that facilitate an organisation in understanding its strengths, weaknesses, opportunities and threats. This paper presents the Strength, Weakness, Opportunity and Threat analysis of Nestlé India. The major strength of the company is good support of parent company Nestlé S.A. The major weakness of Nestlé India is heavy dependence on milk products and nutrition, the largest category that contributes nearly 47.6% to the company's top line. The major opportunity is excellent potential in confectionery and beverage segment. The major threat faced by the company is stiff competition from new entrants like Ferrero India and Patanjali Products.

#### INTRODUCTION

The strengths, weaknesses, opportunities and threats (SWOT) analysis is a strategic management tool that facilitate an organisation in understanding its strengths, weaknesses, opportunities and threats. Data for conducting SWOT analysis is collected from various internal and external sources. SWOT analysis assists the top management in understanding the impact of external and internal actors and forces on marketing and financial performance of the company.

Like most prolific strategic management tools SWOT analysis is a contribution to industry and academia by Harvard Business School. The origin of this easy and valuable notion can be traced back to the ground-breaking work of two Harvard Business School Professors namely George Albert Smith Jr. and C Roland Christensen during 1950s. The following table provides a brief description of SWOT analysis.

**TABLE 1 SWOT ANALYSIS**

S. No	Concept	Description
1	Strength	The possible reasons that give competitive advantage to a company
2	Weaknesses	Possible drawbacks and flaws embedded in an organisation that may make it vulnerable
3	Opportunities	Trends that provides chance for the company to capitalise on a favourable trend of happening
4	Threats	Actors and forces that may reduce the firm's relative competitive advantage.

#### SWOT ANALYSIS OF NESTLÉ INDIA

The following section presents the Strength, Weakness, Opportunity and Threat analysis of Nestlé India.

**TABLE 2 SWOT ANALYSIS OF NESTLÉ INDIA**

Strengths	Weaknesses
1. Support of parent company Nestlé S.A.	1. Nestlé India was totally unaware and were ill prepared to handle a regulator's call on Maggi ban
2. Strong brands	2. responses to Maggi ban were very brief and not adequately culture-sensitive
3. Diversified product portfolio	3. Heavy dependence on milk products and nutrition, the largest category that contributes nearly 47.6% to the company's top line
4. Product innovation	
5. Good leadership	
6. Operating in India for over 105 years	
7. Good performance in stock market	
8. 1000 crore company	

#### Opportunities

1. Excellent Potential in confectionery and beverage segment
2. The Company have a global portfolio of about 2,000 brands but in India they are operating with a truncated portfolio of just 20 brands

#### Threats

1. Stiff competition from new entrants like Ferrero India and Patanjali Products
2. Raising cost of input
3. Maggi ban negative publicity

#### STRENGTHS

The company enjoy good support of parent company Nestlé S.A. which is a nutrition, health and wellness company headquartered in Vevey, Waadt, Switzerland. The company's product portfolio includes baby foods, bottled water, cereals, chocolate and confectionery, coffee, culinary products, chilled and frozen foods, dairy products, drinks, nutritional products, ice-cream, cooking aid products, pet care products, sports nutrition products, weight management and pharmaceutical products.

The company has strong brands like Nescafe, milkmaid, kit kat, etc. and the company is known for product innovation. Under the dynamic leadership of the current Chairman and Managing Director Mr. Suresh Narayanan Nestlé India is doing extremely well and infact the company is even open to strategic acquisition for faster growth. More importantly brand under his stewardship Maggi attained over 60 percent market share and almost reached the pre-crisis level in value sales volume.

Nestlé have a century old presence in India when Nestlé Anglo-Swiss Condensed Milk Company (Export) Limited imported and sold the finished products in the Indian market. The company has been an associate in India's growth and has a very unique association of confidence and commitment with the people of India. The Company's have provided direct and indirect employment to over one million people including farmers, suppliers of packaging materials and other.

Nestlé India, achieved a major landmark in the financial year 2017 as the first listed food company to cross Rs10,000 crore in sales in India. Also, the good financial performance in first quarter of the current financial year leads to good show in share prices of Nestlé India in National Stock Exchange and Bombay Stock Exchange.

#### WEAKNESSES

Nestlé India was caught off the guard as the company was totally ignorant and were ill prepared to manage the regulator's call on Maggi ban and more importantly the responses to Maggi ban were very brief and not adequately culture-sensitive. Heavy dependence on milk products and nutrition, the largest category that contributes nearly 47.6% to the company's top line is another major weakness of the company.

#### OPPORTUNITIES

The company have excellent potential for growth in confectionery

and beverage segment. The Company have a global portfolio of about 2,000 brands including best selling brands like Aero, Cerelac, Chocapic, Nescafe, Boost, Kit Kat, Crunch, S. Pellegrino, Perrier, Nido, La Laitiere, Carnation, Milo, Nestea, Nesquik, Dreyer's, Movenpick and Alpo, Beneful. But in India they are operating with a truncated portfolio of just 20 brands. So, the company can capitalise on the product and brand strength of the parent company.

### THREATS

The company is facing stiff competition from new entrants like Ferrero India and Patanjali Products. Raising cost of input is another threat is a common problem faced by most of the companies in Fast Moving Consumer Goods sector. Maggi ban negative publicity is probably the major threat for the company and if the issue have not been raised, the company would have reached Rs. 10,000 crore mark a couple of years ago.

### CONCLUSION

The major strengths of the company include good support of parent company Nestlé S.A., portfolio of strong brands and diversified product portfolio, product innovation and good leadership. The major weakness of Nestlé India includes very brief and inadequately management of Maggi ban issue and heavy dependence on milk products and nutrition, the largest category that contributes nearly 47.6% to the company's top line. The major opportunities for the company include excellent potential in confectionery and beverage segment and also company have a global portfolio of about 2,000 brands but in India they are operating with a truncated portfolio of just 20 brands. Threats faced by the company include stiff competition from new entrants like Ferrero India and Patanjali Products, raising cost of input and Maggi ban negative publicity.

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