

“NESTLÉ CONFECTIONERY DISTRIBUTION MANAGEMENT - A STUDY ON CONFECTIONERY PRODUCT DISTRIBUTOR’S ACTIVITIES COMPARED WITH COMPLIANCE ISSUES AND STANDARDS SET BY NESTLÉ BANGLADESH LTD.”

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An internship report submitted to the BRAC Business School in partial fulfillment of the requirements for
the degree of
Bachelors of Business Administration

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Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

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Institution

Letter of Transmittal

To

Md. Fazla Mohiuddin,
Lecturer,
BRAC Business School.

Subject: Submission of Internship Report.

Dear Sir:

I have the honor to submit the internship report based on the topic of " A study on Confectionery product distributor's activities compared with compliance issues and standards set by Nestlé Bangladesh Ltd." I have put my utmost effort to gather relevant information for making a complete as mentioned above. I would like to express my profound gratitude for your kind and conscious mind for reading my report.

I therefore, hope that you would be kind enough to accept my internship report and oblige me thereby.

Sincerely yours,
Nadeem Farhan,
ID- 16304177,
BRAC Business School,
BRAC University.

Acknowledgement

I would like to thank my internship supervisor Mr. Md. Fazla Mohiuddin, Lecturer of BRAC Business School, for helping me choose my topic and guiding me through the report from the very beginning till the end.

I am also thankful for his patience he has shown throughout the time of writing this report. Secondly, I would like to thank Mr. Muhammad Abdul Hakim Shaon, Brand Manager – HO, Nestlé Bangladesh Limited, who was my supervisor during my tenure as an intern in Nestlé. His instructions and guidelines have accelerated me to go to the market and bring out the necessary information that adds value to the necessary operations.

Lastly, I would like to thank the other senior employees, field agents, distributor officials for helping me collect necessary information during my internship period in Nestlé Bangladesh Limited.

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Executive Summary

This report will show the Nestlé Confectionery products' exclusive national distributors' activities compared with the compliance standards set by Nestlé Bangladesh Ltd. must be fulfilled and maintained by distributor. Nestlé Confectionery exclusive products are Kit kat, Munch, BarOne, Nestlé classic, Dessert Truffle available in Bangladesh and being officially marketed by Nestlé Bangladesh Ltd. since December 2018. Like other products, confectionery products are not directly under sale department rather it has a unique trend to be operated separately which brings the application of appointing a national distributor for marketing and sales distribution operations. After fulfilling the primary requirements and under certain conditions, "RTM- Route To Market", a national distributor got the contract for this responsibility. My job was to observe their activities and compare with the compliance standards to keep them aligned with instructions given by Nestlé Bangladesh Ltd.

Chapter 01

Introduction to the Report

1.1 Introduction

Nestlé is the largest multinational food company in the world. In Bangladesh it is operating in food and nutrition business by the name Nestlé Bangladesh Ltd. Nestlé Confectionery is one of the new ventures started by Nestlé Bangladesh. Even though we have the Nestlé Confectionery products e.g. Kit Kat, Munch and other chocolates products available in market since a long time but Nestlé Bangladesh Ltd. itself has officially started marketing the confectionery products since December 2018. Being one of the youngest brands of Nestlé in Bangladesh it has some unique operational features rather than other brands of Nestlé Bangladesh. The uniqueness of its distribution lies in the fact that the distribution of Nestlé Bangladesh confectionery products is not directly under the sales operations of the organizations yet. Hence the exclusiveness of the particular brand's distribution rises. I was appointed as an intern for this particular brand to be tagged with the exclusive distribution of confectionery products. So far what I have observed regarding the distribution management and its operations will be the content of this report.

1.2 Origin of the report

This report is prepared as per the requirement to complete my under graduate degree by highlighting my knowledge gained regarding the distribution management and operations of Nestlé Confectionery in the context of Bangladesh market. Since the distribution of this particular segment was separate from the sales operations and is still being solely controlled by the category management team, being appointed as an intern of this team allowed me to get directly involved with the distributors' activities especially from field. My observation on the total breakdown of distribution channel and operations in the market has initiated the whole study. The topic of this report was locked with the supervision of my line manager to mirror my learnings within this eight weeks duration of my internship.

1.3 Objective of the report

The objective of this report to observe and find out the challenges of Nestlé Confectionery distribution up to retailer point and initiate overcoming those challenges if any.

1.4 Scope of the Study

The study is done according to academic requirement and it is done within the context of Bangladesh market only. This study covers the exclusive distribution of Nestlé Bangladesh Confectionery products in Bangladesh consumer market. The topic of this report states that the whole study is on the distribution management and sales operations of Nestlé Confectionery products in the market and to my concern choosing this opportunity at Nestlé Bangladesh was the best option for me to learn. Because there were a lot of internship opportunities but very few offer such rigorous learning scope directly from the field.

1.5 Methodology

Primary Data: The primary data have been collected and recorded through direct market observation, face to face communication with the distributor officials and field agents, National sales manager, Regional Manager, Area manager, Area Sales Executive and Territory officers.

Secondary Data: The secondary data have been collected from retailers, sub- distributors, company articles and company website.

1.6 Limitations of the report

- The total duration of my internship till now is only eight weeks
- Communicating with the distributors and retailers in the field is very different and the approach is not at all easy. I'm still learning.
- I had different assignments as per the requirements of my team
- The distributors are not Nestlé Bangladesh officials hence the work culture difference was not easy to handle
- Getting the appointment of distributor officials was very tough due to their busy schedule

Chapter 02

Company Overview

2.1 History of Nestlé

In 1867 Henry Nestlé, a chemist from Frankfurt who had settled in Vevey, became interested in infant feeding. To satisfy a clear need, he developed and produced a milk-based food for babies whose mothers could not nurse them. The new product soon became well-known worldwide under the name of “Farine Lactée Nestlé (Nestlé Milk Food)”. In order to expand into a broader category and meet more people’s needs, the Nestlé Company’s first diversification occurred in 1905 when it merged with the Anglo- Swiss Condensed Milk Company (1866). Today, processing milk food is still the company’s chief activity together with the other products of Nestlé family such as chocolates, instant milk-based drinks culinary products, frozen foods, ice cream, dairy products and infant foods. As a result of the company’s initiative and bold activity, it has grown into a huge organization, employing almost 230,000 people in nearly 500 factories worldwide. Nestlé products are now widely distributed on all continents and sold in more than 100 countries.

2.2 Nestlé S.A

Nestlé S.A Nestlé with headquarters in Vevey, Switzerland is the world’s leading nutrition, health and wellness company. Nestlé has divided its worldwide operations into three zones: • Europe Regions (Adriatic, Benelux, Iberian and Russia + Eurasia) • Americas 4 Regions (Austral-America, Bolivarian, Caribbean and Central American) • AOA 3 Regions (Asia, Oceania, and Africa) Nestlé was founded by the Henri Nestlé (10 August 1814 – 7 July 1890), a German confectioner in Vevey, Switzerland in 1866. Ever since then, in the food industry Nestlé is the most trusted name, with its one and only target putting a seal on it - Good food Good Life. This is also the mission of Nestlé, driving the company to provide consumers with the most nutritious choices in a wide range of food and beverage categories. The vision of —creating shared value and the very own —Corporate Business Principles shaped the company culture and made them a reliable investor over 86 countries of the world. Today Nestlé employs around 280000 people and have factories or operations in almost every country of the world with a total equity of CHF 62.60 billion. The timeline of this spectacular journey is as follows - 1866-1905: Henri Nestlé’s quest for a healthy, economical alternative to breastfeeding is the important factor that drives the history of Nestlé Company. Henri Nestlé started his experimentations with various combinations of cow milk. His ultimate goal was to help combat the problem of infant mortality due to malnutrition.

People quickly recognized the value of the new product, as Nestlé's new formula saved the life of children within a few years. In August, 1867 Charles and George Page, two brothers from Lee County, Illinois, USA, established the Anglo-Swiss Condensed Milk Company in Cham. In 1877 Anglo-Swiss added milk-based baby foods to their products and in the following year the Nestlé Company added condensed milk so the firms became direct and fierce rivals. Henri Nestlé retired in 1875 but the company under new ownership retained his name as Farine Lactée Henri Nestlé.

1905-1918: The Company formed by the 1905 merger was called the Nestlé and AngloSwiss Milk Company. Most production facilities remained in Europe, however, and the onset of World War I brought severe disruptions, as a result acquiring raw materials and distributing products became increasingly difficult. At the same time the war created tremendous new demand for dairy products, largely in the form of government contracts. By war's end, the Company had 40 factories, and its world production had more than doubled since 1914. Moreover in this period Nestlé added chocolate to its range of food products and also the Condensed-milk exports increased rapidly as the Company replaced sales agents with local subsidiary companies. In 1907, the Company began full-scale manufacturing in Australia. 1918-1938: The end of World War I brought with it a crisis for Nestlé. Rising prices for raw materials, the worldwide postwar economic slowdown, and declining exchange rates made the situation worst. In 1921, the Company recorded its first loss. Nestlé's management brings Louis Dapples as an expert to deal with the situation; his rationalized operations and reduction of the company's outstanding debt improve the financial condition. On the other hand Nestlé's first expansion beyond its traditional product line came in 1920s by producing chocolates. Meanwhile, Brazilian Coffee Institute first approached to Nestlé in 1930 to reduce Brazil's large coffee surplus, after eight years of research Nestlé came with Nescafé became an instant success. 1938-1944: in this period World War II were felt immediately upset the business once again and Profits dropped from \$20 million in 1938 to \$6 million in 1939. To overcome distribution problems in Europe and Asia, factories were established in developing countries; particularly in Latin America. As the end of the war approached, Nestlé executives found themselves unexpectedly heading up a worldwide coffee concern, as well a company built upon Nestlé's more traditional businesses. 1944-1975: The graph of growth sets its trends little higher between 1944 and 1975. As a result many new products were added and outside companies were acquired. Nestlé merged with Alimentana S.A in 1947, purchase of Findus frozen foods occurred in 1960, Libby's fruit juices joined the group in 1971 and Stouffer's frozen foods in 1973 and

finally in 1974 the Company became a major shareholder in L'oréal, one of the world's leading makers of cosmetics. The Company's total sales doubled in the 15 years after World War II. 1975-1981: In 1975 and 1977 price of coffee bean and the price of cocoa tripled. In this situation to maintain a balance, Nestlé went to second venture outside the food industry by acquiring the pharmaceutical and ophthalmic product producer Alcon Laboratories Inc. of U.S; as a result it increased competition and shrink the profit margins. 1981-1995: Improvement of financial situation through internal adjustments and strategic acquisitions are the two important moves in this period. As a result between 1980 and 1984, diversification of several non-strategic or unprofitable businesses occurred. On the other hand Nestlé managed to put an end in the third World to about a serious controversy over its marketing of infant formula in this period. In 1984 Nestlé acquire American food giant Carnation and became one of the largest company in the history of the food industry. 1996-2002: The opening of Central and Eastern Europe, along with China and a general trend towards liberalization of direct foreign investment was good news for the company. On the other hand in July 2000 Nestlé launched a Group-wide initiative called GLOBE (Global Business Excellence) aimed to simplifying business process. Two more acquisitions took place in this period-U.S. ice cream business was to be merged into Dreyer's and the acquisition of Chef America, Inc. a leading U.S.-based hand-held frozen food product business.

2003-2009: Within this area the acquisition of Mövenpick Ice Cream, Jenny Craig and Uncle Toby's enhanced Nestlé's position as one of the world market leaders in the super premium category. On the other hand Novartis Medical Nutrition, Gerber and Henniez join the Company in 2007. Meanwhile Nestlé entered into a strategic alliance with the Belgian chocolatier Pierre Marcolini at the end of 2009. 2010 to present: In mid-2010 Nestlé finalized the sale of Alcon to Novartis. On 1 March 2010, Nestlé concluded the purchase of Foods' North American frozen pizza business for \$3.7 billion. In July 2011, Nestlé SA agreed to buy 60 percent of Hsu Fu Chi International Ltd. for about \$1.7 billion. On 23 April 2012, Nestlé agreed to acquire Pfizer Inc.'s infant nutrition unit for \$11.9 billion. Before the acquisition, there was a 'bidding war' between the three shareholders Nestlé, Mead Johnson Nutrition and Danone. Each of the companies held a share, with Nestlé holding the biggest share (17%) (Johnson held 15%, Danone 13%). As of 28 May 2013, Nestlé has announced that it will expand R&D in its research center in Singapore. With a primary focus on health and nutrition, Nestlé is investing \$4.3 million in its Singapore center, creating 20 jobs for experts in related R&D fields. In 2013 Nestlé Nigeria successfully pioneered

and implemented the use of compressed natural gas as a fuel source to power their Flowergate factory. Globally recognized brands of Nestlé: The brand portfolio delivers the message once again how big Nestlé in the food industry. It is the trust and effort of the Nestlé professionals which created the win winning scenario. Today Nestlé covers almost every food and beverage category – giving consumers tastier and healthier products. • Baby foods: Cerelac, Lactogen, NAN, Gerber, Gerber Graduates, NaturNes, Nestum • Bottled water: Nestlé Pure Life, Perrier, Poland Spring, S.Pellegrino • Cereals: Chocapic, Cini Minis, Cookie Crisp, Estrelitas, Fitness, Nesquik Cereal • Chocolate & confectionery: Aero, Butterfinger, Cailler, Crunch, Kit Kat, Orion, Smarties, Wonka • Coffee: Nescafé, Nescafé 3 in 1, Nescafé Cappuccino, Nescafé Classic, NescaféDecaff, Nescafé Dolce Gusto, Nescafé Gold, Nespresso • Culinary, chilled and frozen food: Buitoni, Herta, Hot Pockets, Lean Cuisine, Maggi, Stouffer's, Thomy • Dairy: Carnation, Coffee-Mate, La Laitière, Nido • Drinks: Juicy Juice, Milo, Nesquik, Nestea • Food service: Chef, Chef-Mate, Maggi, Milo, Minor's, Nescafé, Nestea, Sjora, Lean Cuisine, Stouffer's • Healthcare nutrition: Boost, Nutren Junior, Peptamen, Resource • Ice cream: Dreyer's, Extrême, Häagen-Dazs, Mövenpick,

2.3 Corporate Business Principles

Nestlé does not have a formal mission statement. Instead of a mission statement, Nestlé uses a clear set of principles and values to guide it through its business and corporate decisions. Nestlé believes that attempting to capture all of its values and principles in a couple of sentences would fall short of what Nestlé strives to achieve. Nestlé operates under ten guiding principles of operations. The Nestlé Corporate Business Principles are at the basis of the company's culture, which has developed over the span of 140 years. Since Henri Nestlé first developed his successful infant cereal “Farine Lactée”, the company has built their business on the conviction that to have long-term success for the shareholders, they not only have to comply with all applicable legal requirements and ensure that all their activities are sustainable, but additionally they have to create significant value for society. At Nestlé, this is known as Creating Shared Values. The first three principles are in reference to Nestlé's consumer. Nestlé works to enhance the nutritional value, taste, and enjoyment of its products while guaranteeing a safe product that fully informs the consumer about the benefits and pitfalls of its products. The fourth principle is about recognizing the necessity of human rights and exercising and promoting good human rights practices. Guiding principles five and six are about requiring that employees respect each other and their management

while also ensuring healthy and safe conditions for all employees worldwide. Principles seven and eight require that Nestlé's customers and suppliers adhere to the same high standards of honesty, integrity and fairness that it expects of itself. Lastly, Nestlé's ninth and tenth principles revolve around environmental sustainability, and Nestlé continuing attempts to advance its environmentally safe practices and sustainability initiatives. It is through adherence to these ten principles that Nestlé can give shared value to society, customers, and shareholders. Nestlé is committed to the following Business Principles in all countries, taking into account local legislation, cultural and religious practices:

1. Nutrition, Health and Wellness Nestlé's core aim is to enhance the quality of consumers' lives every day, everywhere by offering tastier and healthier food and beverage choices and encouraging a healthy lifestyle.
2. Quality Assurance and product safety. Everywhere in the world, the Nestlé name represents a promise to the consumer that the product is safe and of high standard.
3. Consumer Communication Nestlé is committed to responsible, reliable consumer communication that empowers consumers to exercise their right to informed choice and promotes healthier diets. Nestlé respects consumer privacy.
4. Human rights in our business activities Nestlé fully support the United Nations Global Compact's (UNGC) guiding principles on human rights and labor and aim to provide an example of good human rights' and labor practices throughout our business activities.
5. Leadership and personal responsibility Nestlé's success is based on their people. The people in Nestlé treat each other with respect and dignity and expect everyone to promote a sense of personal responsibility. Nestlé 10 recruits' competent and motivated people who respect the company values, provide equal opportunities for their development and advancement, protect their privacy and do not tolerate any form of harassment or discrimination.
6. Safety and health at work Nestlé is committed to preventing accidents, injuries and illness related to work, and to protect employees, contractors and others involved along the value chain.
7. Supplier and customer relations Nestlé requires their suppliers, agents, subcontractors and their employees to demonstrate honesty, integrity and fairness, and to adhere to our non-negotiable standards. In the same way, they are committed towards their own customers.
8. Agriculture and rural development Nestlé contributes to improvements in agricultural production, the social and economic status of farmers, rural communities and in production systems to make them more environmentally sustainable.
9. Environmental sustainability Nestlé commits themselves to environmentally sustainable business practices. At all stages of the product life cycle they strive to use natural resources efficiently, favor the use of

sustainably-managed renewable resources, and target zero waste. 10. Water Nestlé is committed to the sustainable use of water and continuous improvement in water management. They recognize that the world faces a growing water challenge and that responsible management of the world's resources by all water users is an absolute necessity. While Nestlé has a bit of a checkered past when it comes to corporate values due the infant formula scandal of the 1970s, its new principles seem to be working very well. Per the 2011 Annual Report, in 2010 Nestlé experienced internal growth in several important areas, in spite of overall disappointing results. Nestlé continues to maintain its commitment to follow and respect all applicable local laws in each of its markets.

2.4 Nestlé in Bangladesh

Nestlé Bangladesh Ltd. Nestlé started its operation in 1994 in Bangladesh and its only factory is now situated in Sreepur, Gazipur. Nestlé invested Tk. 110 core so far since 1994. Vastly sold products in Bangladesh are Nido, Nescafé, Maggi noodles and soup, Maggi Shad-e-Magic, breakfast cereals such as Corn Flakes and Koko Crunch, Coffee-Mate, Munch Rolls and many more. In the early eighties Transcom Ltd. was appointed the sole agent of Nestlé products in Bangladesh. In 1992 Nestlé S.A. and Transcom Ltd. acquired the entire share capital of Vita Rich Foods Ltd. Nestlé S. A. took 60 percent while Transcom Ltd. acquired 40 percent. Nestlé Bangladesh Limited started its first commercial production in Bangladesh in 1994. In 1998 Nestlé S.A. took over the remaining 40% share from our local partner when Nestlé Bangladesh became a fully owned subsidiary of Nestlé S.A. Nestlé Bangladesh's vision is to build Nestlé as the respected and trustworthy leading Food, Beverage, Nutrition, Health and Wellness Company in Bangladesh ensuring long term sustainable and profitable growth. The company is very much focused to ensure that the vision is implemented in every aspect. Popular Nestlé brands entered this part of the sub- continent during the British rule and the trend continued during the pre-independence days of Bangladesh. After independence in 1971, Nestlé World Trade Corporation, the trading wing of Nestlé S.A., sent regular dis-patches of Nestlé brands to Bangladesh through an array of indentures and agents, and some of the brands such as Nespray, Cerelac, Lactogen, and Blue Cross etc. became house-hold names.

Its total authorized capital is TK1.5 billion and total paid up capital is TK 1.1 billion. The only factory of the company in Bangladesh is situated at Sreepur, 55 km north of Dhaka. The factory produces the instant noodles and cereals and repacks milks, soups, beverages and infant nutrition

products. The Company is continuously growing through the policy of constant innovation, concentrating on its core competencies and its commitment to high quality food to the people of Bangladesh.

2.5 Nestlé Bangladesh's leading objectives

To develop safe and wholesome packaged foods using the most efficient and appropriate packaging materials available, while, at the same time, satisfying consumer requirements and expectations. b) Nestlé Bangladesh seeks packaging solutions that:

- will result in the lowest possible weight and volume of packages
- take into account new packaging materials and processes that reduce the impact on the environment;
- avoid the use of substances that can adversely impact the environment during packaging production and disposal
- decrease packaging waste at all stages, including package manufacturing, utilization and disposal
- increase the use of recycled materials wherever possible; and
- Increase the recyclables and compatibility of its packages with existing waste management schemes.

Strategies: Nestlé Bangladesh has these strategically key Success Factors:

- Strong brands / relationships with consumers
- Research and development
- Innovation and renovation
- Product availability

There are also a few factorial strategies, stated as follows:

External factors

- Social: Nestlé makes an effort to integrate itself as much as possible into the cultural and social values of the different countries. During operation in Bangladesh Nestlé has launched products with integration of social & cultural factors. This has been done to match the taste buds of Bangladeshi consumers.
- Ethical: Although Nestlé faces ethical dilemmas in commercialization of its products, it does not consider its high price to be an ethical crisis. This is because they are not ready to compromise their quality in order to make their product widely available to all.

Internal factors

- Marketing structure: Nestlé is more people, product and brand oriented than system oriented. Nestlé favors long-term successful business development and even to greater extent, customer life-time value. At the same time Nestlé does not lose sight of the necessity to improve in terms of quality, price and distribution. However, Nestlé remain conscious of satisfying the wants needs and demands of its consumers. It is also aware of the need to generate a sound profit annually. Nestlé seeks to earn consumer's confidence, loyalty and preference and anticipate their demands through innovation and renovations. Therefore Nestlé is driven by an acute sense of performance adhering to quality and customer satisfaction Nestlé is as decentralized as possible within its marketing strategic definitions requiring increasing flexibility. Nestlé is

always committed to the concept of continuous improvement of its activities and customer satisfaction through market segmentation, positioning and target marketing.

2.6 Vision

In Bangladesh Nestlé's vision is to build Nestlé as the respected and trustworthy leading Food, Beverage, Nutrition, Health and Wellness Company in Bangladesh ensuring long term sustainable and profitable growth. The company is very much focused to ensure that the vision is implemented in every aspect.

2.7 Mission

The mission statement that drives Nestlé is "Good Food, Good Life". They commit to provide consumers with the best tasting, most nutritious choices in a wide range of food and beverage categories and eating occasions, from morning to night.

2.8 Objective

Nestlé Bangladesh's main objectives are as follows:

- a) Develop safe and wholesome packaged foods using the most efficient and appropriate packaging materials available, while at the same time, satisfying consumer requirements and expectations.
- b) Nestlé Bangladesh seeks packaging solutions that
 - i. it will result in the lowest possible weight and volume of packages
 - ii. Take into account new packaging materials and processes that reduce the impact on the environment
 - iii. Avoid the use of substances that can adversely impact the environment during the packaging production and disposal
 - iv. Decrease packaging waste at all stages, including package manufacturing, utilization and disposal
 - v. Increase the use of recycled materials wherever possible
 - vi. Increase the recyclables and compatibility of its packages with existing waste management schemes

2.9 Nestlé Confectionery Product overview

Chocolate and Confectionery One of the biggest things that Nestlé is known for worldwide is its chocolate and confectionery business line. Nestlé's confectionery line is made up of chocolate, confectionery, and biscuits. Chocolate makes up over 78 percent of Nestlé's confectionery category, while biscuits make up over 12 percent. The remaining products are included in an additional sugar confectionery category. Nestlé owns the brands Aero, Butterfinger, Cailer, Crunch, Kit Kat, Orion, Smarties, Toll House, and Wonka. Nestlé has 461 factories in 83 countries. Out of these factories, Nestlé has factories that manufacture chocolate or confectionery products in 35 out of those 83 countries. The confectionery product line makes up over 10% of Nestlé's total sales as a company. Nestlé's biggest competitors are Cadbury (Kraft Foods) and Mars internationally and Hershey in the United States.

Chapter 03

The project

3.1 Literature Review

Nestlé Confectionery sales and distribution is separate and different from the other products. Hence, the regular distribution and sales operation procedure is not accelerated for this category. Till now Nestlé Bangladesh importing the Confectionery products from India and Dubai. A national distributor with strong coverage capacity is chosen for sales and distribution purpose. Currently “RTM- Route To Market”, a distributor organization is operating the distribution of Nestlé Confectionery products throughout Bangladesh. This project will show my observations on the RTM activities in the markets comparing to the compliance standards given by Nestlé Bangladesh Ltd. and finding the lacking and failures of RTM to meet those standards. My job responsibilities particularly mirror the job description of a Territory Officer. Since no TO was assigned to supervise and observe the distribution and sales activities of RTM I was particularly assigned for this job. RTM was chosen to be Nestlé Confectionery product national distributor after they were able to meet the primary requirements which are also parts of compliance issues. Their activities are marked and graded according to those compliance standards must to maintain and a yearly contract is made basing on that grading. This project shown my study and observations on their activities and follow up if the standards are maintained or not. My findings will show the deviations I found so far thorough the market visits. My point of observations and findings are based on the compliance issues which is highlighted in this project.

3.2 Compliance Issues and standards for Distributor

To start the analysis part at first I will establish the Compliance standards for the distributor predetermined by Nestlé Bangladesh Ltd. Currently the sole national distributor of Nestlé Confectionery products for Bangladesh is “RTM- Route To Market”, a well-known distributor is operating in the market. NBL- Nestlé Bangladesh Ltd. is very strict regarding the compliance issues and other standards to be maintained by the distributor. In the context of Bangladesh NBL has set the following compliance issues and minimum standards for the Nestlé Confectionery products’ distributor are as follows-

Acceptability in the Society

Financial Capability

Business partnership Mentality

Necessary Investments

Warehouse Management

Product Stickers

Efficient Manpower

Sub Distributor management

**Sales and Distribution
Operation**

These issues are directly related with the compliance management of NBL regarding distributor's operations and behavior. The standards are discussed below-

Social Acceptability:

The distributor must have the social and market acceptance. Because the sophisticated and exclusive products of Nestlé Confectionery needs to have a strong operational hand which has bold grip in the market and a positive image in the social context. Route to Market, the sole distributor of Nestlé Confectionery has had a long renowned positive image in the market as a result they are also partners with more MNC and leading organization's distribution.

Financial Capability:

The distributor must have enough financial capability to manage, handle and operate the market distribution. Nestlé Bangladesh itself is one of the largest brands and the target is determined nation wise. Hence the requirement comes to have a good financial capability. The check list for financial capability are-

- Must have a good amount of man power
- Have the capability to make necessary investments
- Capability of receiving the each new consignments at once
- Paying at least 50% of the whole consignment at first

Mentality to do Business with Nestlé Bangladesh Ltd.:

It has to be ensured that the distributor organization has a positive mentality and eagerness to do business with Nestlé Bangladesh Ltd. For which benefit and intention they are approaching to do business with NBL. The facts in this regard to be checked are-

- Their intention to do business
- Their benefits from this business
- Previous record of being rejected by NBL

Necessary Investments:

The distributor must invest in few necessary issues to make sure of their efficient operation both in house and out house. They must invest in the following matters-

- Warehouse- air conditioned
- Office space for NBL officials e.g. Nestlé Territory Officer(s)
- Vehicles for smooth transportation of the products
- Stock investment for minimum two weeks
- Vehicles with freezing facilities- because chocolates tend to get soft and out of shape in the weather of Bangladesh
- Necessary Manpower- they should hire necessary man power (if needed) for efficient distribution

Warehouse Management:

NBL expects the distributor's warehouse to have necessary facilities to store confectionery products. Since all the confectionery products are chocolate based, it has to have a good and caring storing capacity. Most importantly the warehouse must have air-condition and freezer facilities for storage so the chocolates don't get spoiled inside packaging. So the must haves are-

- Separate storage facility for chocolates
- Air-conditioner and freezer
- Caring storage management and strong shelves
- Waterproof management
- Fire resistant capability
- Hygiene

Product Stickers:

All the products must be tagged with appropriate stickers. NBL itself predetermines the contents of the product stickers which the distributor must take care and ensure that the product are getting out in the market from their warehouse with stickers on.

- Stickers must be tagged on the products in the warehouse
- They should check the appropriate tagging of sticker

- Sticker to be tagged on product as per instructed place on the product
- Damaged stickers to be avoided
- Stickers to be tagged even before transporting to sub-distributor's warehouse

Efficient Manpower:

For smooth distribution they must have efficient manpower who are well trained and capable to cover the market with strong grip. It will be their people who will ultimately represent our brand and sale the Nestlé Confectionery products in the market. The standards in this regard are-

- Strong relationship building capability in the market
- Good selling power
- Strong communication skill
- Convincing power
- New opportunity finder
- Appropriate training and development

Sub-Distributor Management:

If the distributor wants to engage another local sub-distributor in order to hold a stronger and easier grip on the market they must have a good authority over the sub-distributor and their operations in the market with our products. The national distributor must ensure the following things in this regard-

- ✓ All the basic standards and compliance issues set by Nestlé Bangladesh Ltd.
- ✓ Proper supervision on them to ensure compliance and standards
- ✓ Sub-distributor's operational and warehouse management
- ✓ Stickers and trade price

3.3 My observations

So far I have visited five markets and spent only one day at each market to observe. It was a limitation for me to get only one day at each market alone with a sales representative or Territory Officer of “Route To Market” to understand their limitations in respective markets and find out their lacking from the standards to maintain and compliance issues set by Nestlé Bangladesh Ltd. Although I was briefed accordingly that what are the objects to observe and what are the things to check to find out the deviations from the compliance issues and standards to maintain given by Nestlé Bangladesh Ltd. My objectives for each day market visit were-

Relationship among retailers and RTM representative:

- The RTM representatives should have a good relationship with retailers of their respective areas
- If there was any potential retailer left to reach by SRs
- Territory Officer should have good knowledge about the demand of Nestlé Confectionery products
- Availability of the RTM agents in the market
- Visibility of RTM agents in the market
- The RTM agents should aware of the challenges faced by retailers regarding our product
- They should convince and ensure the visibility of our products in retailer shops
- RTM to replace the date expired products

Warehouse Management of RTM:

- The warehouse should be air-conditioned and have freezing facilities to keep the chocolates cold
- The storage place should have water resistant features to avoid moist
- The chocolate products should not be stored in a way which may expose heavy weight on them so that the chocolates don't get broken or lose the shapes
- There should be necessary safety features- fire management, pest control management, hygiene management which should be checked on a regular basis by professionals

Warehouse Management of RTM's sub-distributor (if):

- Same facilities and management to be available at sub-distributor's warehouse
- RTM to monitor the basic compliance standards as same as their own
- Products in sub-distributor warehouse should be already tagged with stickers from RTM

Stickering and MRP of the products:

- The products from Nestlé Bangladesh through RTM in the retailer end should be tagged with sticker that is designed and given from NBL
- The stickers hold NBL's determined prices of the products and the authority as well which is a benchmark to differentiate our products from grey market products
- Retailer must ask for the same MRP from the consumers as it is mentioned in the sticker and RTM to ensure that
- If the stickers on products are damaged or not
- Retailers cannot remove the stickers and RTM to ensure that

Transportation and delivery:

- The transportation to the respective areas should be in freezer trucks
- The distribution to the retailers are done in three wheeler vans in which the chocolates should be in cooler boxes
- RTM should ensure quickest delivery according to retailers' needs and demands
- RTM to ensure safety of delivery to avoid theft or damage during transportation

3.4 Findings

I will now discuss my findings and highlight the lacking of RTM the sole distributor of Nestlé Confectionery products from my observations at each area.

Non-compliance/ failure to maintain-

- i. Warehouse management: They lacked in few issues regarding the warehouse management which are-
 - Water resistant management was not up to date. They were supposed to maintain a roster based checklist to ensure that. They lacked two weeks checking by professionals
 - There was no vermin but the shelves were very dusty
 - They did not stored the products organized category wise which resulted in missing of few products whereas every single product they were accountable for
 - They had a freezing storing room but the door was often found open and unattended
- ii. Warehouse management of sub-distributor:
 - One of the sub-distributor named RS Enterprise did not have any air-conditioned or freezing facility for Nestlé confectionery product storage at all which I found during the market visit
 - The Nestlé Confectionery POPM (point of purchase material)- chocolate counter tops from RTM were found broken which were meant to be distributed to retailers for visibility purpose
 - No fire distinguishing or water resistant management was found which RTM was to ensure
 - Storage system was not at all aligned with Nestlé Bangladesh given standard
- iii. Stickers and MRP:
 - RTM was strictly instructed not to deliver a single SKU without sticker tagging even to their sub-distributors but it was found that they failed to maintain that
 - One of the sub-distributors was found to take off our sticker from the products and overlap with their own sticker with higher MRP and their own name on it which was a strong violation of compliance
 - I also found that RTM sent the stickers separately due to short of time to deliver

iv. Transportation and Delivery:

- The pickup trucks were all equipped with freezer facilities but the three wheeler vans carrying the products did not have the cooler boxes which resulted in melting of the chocolates

So far throughout my short market visits within this eight weeks I have found these failure by RTM the sole national distributor of Nestlé Confectionery products in different areas. Other standards and compliance issues were found being maintained up to the standard.

3.5 Recommendations

- RTM's activities should be under regular and thorough supervision by Nestlé officials
- RTM should focus more on field level and transportation activities in remote territories
- RTM officials should prepare a report on their supervision on basic activities regarding warehouse management on a regular basis. They can assign different person in duty roster for each week to follow up these issues.
- They should be more aware of the fact that they might lose their business partnership with Nestlé Bangladesh Ltd. due to failing to meet compliance standards.
- RTM should train their field agents to supervise the sub-distributor activities
- They can assign different field agents at each area in different days so that they can get more observations. Because observation power varies person to person
- RTM should make contract with sub-distributors keeping the compliance issues and standards aligned with Nestle Bangladesh Ltd.
- They should increase the visibility and availability of their own field agents in the market so that no one does any non-compliance activity
- Increase more supervision and tracking on their own agents to get more transparency

3.6 My Limitations for the study

- Since my internship tenure till now is shorter than others I had less access to the information
- I got only one day to visit one market
- Within one day time it was very hard to cover a whole market to observe all the requirements and operations

Chapter 05

Conclusion

My job responsibility at Nestlé Bangladesh Ltd. as an intern was very unique compared to any other internship opportunity. Because very few get the chance to get the orientation of a Territory Officer at first to fulfill the job description. Being an intern I was tagged with one of the most popular, famous and exclusive brands like Kit Kat, Munch and other confectionery products. All these confectionery brands are securing a leading position throughout the world and since these products were launched within less than a year before I joined, I got to be a part of its growth where I could make little value additions.

I consider myself very lucky that the organization got me the actual orientation of a TO so that I can accomplish my tasks assigned according to standards. Throughout my internship period till now I have been exposed to a great level of practical learning about the market and sales distribution operations.

Being a part of this prestigious company has enabled me to gain my exposure in challenging markets which inspired me highly to acquire knowledge in the field of marketing and sales even more. Thus, the internship opportunity in Nestlé Bangladesh Ltd. has helped me learn to deal with people extensively and allowed me to study different types of processes convoluted with the sales operations, work with different level of people in the market. I feel very enthralled about my overall experience at Nestlé Bangladesh Ltd.

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- Information of Sales and Distribution in Bangladesh context were mostly collected from internal employees and Line manager.