

Internship Report on

**An Exploration of Online Consumer Buying Behavior in context of  
Bangladeshi Fast Moving Consumer Goods Industry**

**By**

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**ID: 20104046**

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

BRAC Business School

Brac University

Spring 2024

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## **Declaration**

It is to hereby declared that

- The internship report submitted is my/our own original work while completing degree at Brac University.
- 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.
- The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
- I have acknowledged all main sources of help.

**Student's Full Name & Signature:**

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**Supervisor's Full Name & Signature:**

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**Saif Hossain**

Assistant Professor & Director (BBA Program), BRAC Business School

BRAC University

# Letter of Transmittal

Saif Hossain

Assistant Professor & Director (BBA Program),

BRAC Business School

BRAC University

Kha 224, Bir Uttam Rafiqul Islam Ave, Dhaka 1212

Subject: Submission of report of Internship on “An Exploration of Online Consumer Buying Behavior in context of Bangladeshi Fast Moving Consumer Goods Industry.”

Dear Sir / Madam,

With all due respect, I am an undergraduate student from BRAC Business School and am delighted to submit my internship report as a part of my BRAC University Bachelor’s degree while working and doing my internship and it was my absolute pleasure to be given the opportunity to display my research on the Exploration of Online Consumer Buying Behavior in context of Bangladeshi Fast Moving Consumer Goods Industry, which I was kindly appointed by your humble direction.

I have attempted my level best to finish the report with the crucial necessary facts and proposed propositions in an ideally compact and inclusive manner as possible. I believe that this report will fulfil all the expectations and desires.

Sincerely yours,

---

Adnan Fahim

20104046

BRAC Business School

BRAC University

Spring 2024

## **Non-Disclosure Agreement**

This agreement is made and entered into by and between Nestle Bangladesh PLC and the undersigned student at BRAC University for the responsibility to prevent data disclosure of the firm's confidential data and also the protection of the obtained data.

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Adnan Fahim

ID: 20104046

BRAC Business School

BRAC University

## **Acknowledgement**

To begin with, I would like to humbly show gratitude to my respected internship advisor Saif Hossain for granting me this valuable opportunity to have his vicinity and kindly allowing me the chance to submit an official internship report on ‘An Exploration of Online Consumer Buying Behavior in context of Bangladeshi Fast Moving Consumer Goods Industry’.

I would like to thank Mr. Hasan Sajib (Brand Manager, Maggi) for humbly being the on-site supervisor of my internship & providing me with valuable and timely information, followed by suggestions, as well to procedures for my work regarding my topic. This individual report may suffer from various limitations; however, I have exerted all my best efforts and knowledge in preparing this report.

I purely believe that this report will be beneficial for those who want to have an in-depth insight on the online buying behavior of consumers in the FMCG sector of Bangladesh and the overall scenario of the online platforms being used on a daily basis.

Thank You.

Sincerely Yours,

Adnan Fahim

ID: 20104046

## **Executive Summary**

With the aim to look deeply into the online buying behavior of consumers of the FMCG industry in our country Bangladesh, this report looks deeply into the behavior of consumers through surveys, expert interviews and secondary research to understand all aspects of both the consumer perspective as well as the rationality of the platforms compared to one another.

The results show that younger groups in particular are increasingly favoring online FMCG buying. Drivers include perceived utility, affordability, and ease of usage. On the other hand, issues with product inspection restrictions and post-purchase services are present.

It is essential for FMCG firms in Bangladesh to comprehend these characteristics. To capitalize on this expanding industry, the research suggests tactics to improve online presence, establish trust through quality control, and provide easy return policies.

## **Keywords**

Consumer Behavior; Online Buying Behavior; FMCG Industry; E Commerce;

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## List of Acronyms

BCSIR - Bangladesh Council of Scientific and Industrial Research

CIM – Computer Information System

FMCG - Fast-moving consumer goods

MNC – Multi National Company

NDA – Non-Disclosure Agreement

PLC – Private Limited Company

HR – Human Resources

## **Glossary**

Nutrient-rich - Nutrient-rich foods are packed with vitamins, minerals, and fiber, but skim on unhealthy fats and sugars. Think veggies, fruits, nuts, and olive oil.

Pivotal - Pivotal implies something which is exceptionally vital. It's frequently utilised when something has a significant influence on what comes next.

Sampling initiative - A sampling initiative is a project that selects a small, representative group from a larger population to learn about the entire situation. Like a tasting test various flavors of coffee or noodles

Hypervigilant – Hypervigilant is being highly alert to potential threats, such as being on continual watch for danger

Brick and mortar - The term "brick-and-mortar" refers to a real store that may be visited rather than online.

# **Chapter 1: Internship Overview**

## **1.1 Information of Student**

My name is Adnan Fahim, and I am presently enrolled in Brac Business School, Brac University, to pursue a bachelor of business administration (BBA). I am dual majoring in Marketing and CIM. My student ID is 20104046. I am almost done with all my academic courses and as a concluding requirement of my academic program, I am doing my academic internship at Nestle Bangladesh PLC as an intern. I have been assigned to “**Team Maggi**” under the Marketing function of the organization.

## **1.2 Information of Internship**

### **1.2.1 Company Name, Period, Department and Address**

I'm thrilled to have been offered an internship with Nestle Bangladesh PLC as a corporate enthusiast. Nestle Bangladesh PLC's headquarters are situated at Ninakabbo, 227/A Bir Uttam Mir Shawkat Sarak, Tejgaon-Gulshan Link Road Dhaka 1208. I have been working with “**Team Maggi**” under the marketing function from 1<sup>st</sup> of February 2024.

### **1.2.2 Internship Company Supervisor Information**

Marketing is a core part of Nestle Bangladesh PLC and “**Team Maggi**” plays a huge role for the whole company in terms of reach and revenue in our country Bangladesh. Since the very first of my internship journey, my onsite supervisor was Mr. Hasan Sajib. He is the Brand Manager of Team Maggi. He has been with Nestle for over 10 years and graduated from BRAC University. There are a few more core members of Team Maggi, whom work to run the ever-dynamic Team Maggi. They are respectfully, Kamrul Islam, Brand Executive (Looking after Maggi Soups) and Nafisa Hossain, Senior Brand Officer (Looking after Sales and Consumer Promotion).

### **1.2.3 Job Responsibilities**

Throughout my Internship at Nestle, my responsibilities conducted of performing market analysis and research on competition. Moreover, supporting the marketing team in daily administrative tasks and help to organize marketing events and campaigns. I also had the opportunity of working behind the scene of a new product launch to come in the upcoming future.

## 1.3 Internship Outcome

### **1.3.1 My contributions**

Being a part of the Marketing Function under Team Maggi, I had the opportunity to communicate and network with respected individuals from all over the company and learn new things. I also had the opportunity to do research on the current market competitors for Maggi's current products and the upcoming ones and contribute my data in various sales meetings and conferences. Moreover, I had the massive opportunity to make an inhouse Reveal Video for an upcoming product and it was presented in front of everyone and also highly praised by everyone. Furthermore, I have actively took part in the launch plan for the upcoming new products graphics, promo videos, sales promotion materials and online promotion plans. As well as having the opportunity to work on data-based research on internet trends related to the brand and the platforms it goes out to the consumer.

### **1.3.2 Advantage for the student**

From the very beginning of my academics, I knew I wanted to pursue Marketing as my major and wanted to develop my creative side and leverage it in the corporate and job sector. After continuing more, I found out how important data was in marketing and thus, I got motivated to pick CIM as my second major. And iam very pleased to say that, in this internship I have had both hands-on experience and practical plus conceptual learning of various aspects of marketing and how it works and impacts for the company growth. For an undergraduate student working in Bangladesh, I was blessed to have the core opportunity to learn about the international culture and standards of how a huge Multinational company like Nestle operates from inside out.

### **1.3.3 Challenges/struggles**

- Time Management and Prioritization: Balancing the internship obligations with a number of assignments from other departments/supervisors become difficult to do in proper time.
- Work-Life Balance: Working long hours might become a regular part of life when working in an MNC's fast-paced atmosphere. It becomes crucial to learn how to control your workload and preserve a positive work-life balance.

### **1.3.4 Recommendation**

During my time at Nestle Bangladesh PLC, i had many opportunities to learn and develop myself for my future corporate journey. However, my recommendations, as an intern would be:

- Introduction Sessions for interns will help them get to know about different rules and departments, which will make it easy and clean for them to understand and start properly.
- Specific retention programs can be introduced to further enhance the career paths for the juniors and give them more exposure to real corporate experience.

## **Chapter 2: Nestle Bangladesh PLC**

### **2.1 Introduction**

Nestle Bangladesh PLC was established in 1992 and it stands as one of the most prominent subsidiaries of Nestle S.A, the internationally acclaimed food and beverage conglomerate. By operating in Bangladesh, Nestle has immensely affected the country's food and beverage market, by bringing forth a variety of high-quality products catering to different sorts of consumers. Nestle Bangladesh maintains a solid reputation by living up to their slogan "Good Food, Good Life". The company has managed to become a trusted household name through their indomitable pursuit of innovation, maintenance of stringent quality standards, practices that are sustainable, and through contributing to fostering a healthier lifestyle for its consumers.

### **2.2 Overview of the Company**

Nestle, a prominent figure in the food and beverage industry, has its origins traced back to 1866 when Henri Nestlé founded the company in Vevey, Switzerland. Henri Nestlé's creation of Farine Lactée, a powdered milk product for infants, was pivotal in the company's early success. This innovative product met the need for safe and nutritious infant food, positioning Nestlé as an early leader in infant nutrition. Expanding its product range and global presence, Nestlé prioritized quality, innovation, and customer satisfaction.

Over time, Nestlé has grown into the largest global food and beverage company, offering a wide range of products across various categories such as confectionery, dairy, coffee, pet care, and nutrition. Through strategic acquisitions, partnerships, and product development, Nestlé has adapted to changing consumer preferences and market dynamics, reinforcing its reputation as a trusted brand worldwide. Its enduring success stems from a commitment to improving quality of life and promoting healthier lifestyles.

Nestle Bangladesh PLC, a subsidiary of Nestle S.A., has been operational since 1992, bringing Nestlé's expertise and products to the local market. Leveraging its international reputation and local insights, Nestle Bangladesh addresses the nutritional needs of the population with products tailored to local preferences. Through its focus on nutritious and tasty food and beverage options, Nestle Bangladesh has become a reliable partner in promoting healthier living and supporting the local economy.

In addition to product quality and innovation, Nestle Bangladesh prioritizes sustainability and social responsibility. Engaging in initiatives promoting environmental stewardship and community development, the company aims to create shared value while minimizing its environmental impact. Through

collaborations with local entities, Nestle Bangladesh contributes to societal well-being and sustainable business practices.

Moreover, Nestle Bangladesh's presence has not only spurred economic growth but also created employment opportunities and fostered skill development among locals. By investing in employee development and fostering an inclusive culture, Nestle Bangladesh encourages innovation and excellence across its operations. Committed to integrity, respect, and excellence, Nestle Bangladesh serves as a model of sustainability and corporate responsibility in the Bangladeshi market.

### **Nestle's Mission**

Nestle's mission statement highlights the company's offerings while aligning with its core vision and policies. So, the company's mission statement is:

“The world's leading nutrition, health, and Wellness Company.” (Nestle, n.d.)

This is further backed by the company motto, which is:

“Good Food, Good Life.” (Nestle, n.d.)

### **Nestle's Vision**

The vision statement of Nestle potentially serves as a plan, a testament as to where the company wants to see itself in the future to come. The vision statement of Nestle goes like:

“To be a leading, competitive, Nutrition, Health and Wellness Company delivering improved shareholder value by being a preferred corporate citizen, preferred employer, preferred supplier selling preferred products.”

- The following elements can be extracted from the vision statement of the company:
- The company wishes to establish itself itself as the market leader
- It aims to provide better value to all concerned stakeholders (Nestle, n.d.)

### **Core Values**

The core values of Nestle are founded around the people and the future they hold. The core values are as follows (Nestle, n.d.):

#### **Respect for Ourselves**

Nestle believes that respect for others, be that tangible or not, can only be established when one has a firm respect for self. Being true to oneself, while upholding fairness, integrity, and authenticity, is key to understanding the concept of respect so it may be reflected unto others.

#### **Respect for Others**

The company asserts the importance of showing respect to others by meeting promises through their products, brands, and activities.

### **Respect for Diversity**

The company emphasizes on the necessity of respecting other ways of thinking, other cultures, and all aspects of inclusivity and openness.

### **Respect for the Future**

Nestle believes that respect for the future of the generations to come and that of the planet allows it to act with courage and responsibility, even under difficult circumstances.

### **Top 10 Business Principles of Nestle**

Nestle carefully monitors all of its business activities to ensure that shared value is created in the following 10 areas. (Nestle, n.d.)

1. Leader in Nutrition, Health and Wellness
2. Trusted in Quality assurance and product safety
3. Transparent consumer communication
4. Exemplary human rights and labor practices
5. Credible in leadership and personal responsibility
6. Ensuring Safety and Health at work
7. Recognize supplier and customer relations
8. Inclusive agriculture and rural development
9. Resourceful in environmental sustainability
10. Caring Water

### **Departments**

Nestlé Bangladesh contributes to the company's global success with a dedicated team of over 160 employees at their Dhaka headquarters. These employees embody the company's spirit of dedication and hard work.

The employees' function under the following departments:

#### **General Management:**

Nestlé Bangladesh's general management team serves as the strategic core of the organization. They are responsible for making critical decisions that drive the company's overall growth. Through meticulous analysis of reports, data, and surveys, they collaborate with the broader management team to formulate strategic initiatives that enhance Nestlé Bangladesh's operational efficiency and market position.

### **Human Resource Management:**

Nestlé Bangladesh's Human Resources (HR) team plays a vital role in the company's success. They oversee the entire employee lifecycle, from recruitment and selection to training and development, performance management, and compensation and benefits. The HR team acts as a strategic partner, ensuring they attract, retain, and develop a highly skilled workforce that contributes significantly to Nestlé Bangladesh's growth and development.

### **Supply Chain:**

Nestlé Bangladesh's supply chain department embraces Lean principles to optimize efficiency and minimize waste. This translates into meticulous inventory planning to curb material wastage. Furthermore, the team prioritizes shorter production lead times, minimizing overall waste and optimizing costs. Additionally, they leverage strong negotiation skills with vendors to secure favorable pricing, further reducing expenditure waste.

### **Marketing:**

The marketing team shoulders the responsibility of safeguarding brand reputation, market share growth, and product visibility. They adhere to strict legal and ethical guidelines in all marketing campaigns and advertisements.

### **Nutrition:**

Nestlé Bangladesh's dedicated nutrition department plays a vital role in ensuring the company's products align with optimal health and well-being. This department conducts research to understand the impact of different diets on health, informing the development of innovative and nutritious food options. They also ensure strict adherence to all relevant nutrition-related policies and regulations. For instance, in Bangladesh, direct promotion of breast milk substitutes like CERELAC and LACTOGEN is prohibited. Furthermore, the department manages a specialized portfolio focused on infant nutrition, including products like Cerelac for infants and Lactogen and Nan formulas.

### **Sales and Nestlé Professionals:**

The sales force plays a critical role in driving revenue growth. While retail transactions are managed by partner dealers, the sales team focuses on securing business from larger clients through the Nestlé Professionals division. Additionally, the sales analysis officer acts as a vital cog in the machine, meticulously monitoring sales data and providing insights to ensure Nestlé Bangladesh achieves its targeted sales goals.



## Nestle Brands

Nestle sells more than 15,000 products under its brand name, in a wide array of categories. In the following chart, some of the most widely available products of Nestle are listed:

<b>Categories</b>	<b>Product Names</b>
Baby Foods	Cerelac, Gerber, NaturNes
Bottled Water	Perrier, S. Pellegrino
Cereals	Koko Krunch
Chocolate and Confectionary	KitKat, Milkybar, Orion
Coffee	Nescafe, Nespresso
Culinary, Chilled, and Frozen Foods	Maggi, Hot Pockets
Dairy	Coffee-Mate, NIDO
Drinks	Milo, Nestea
Nutrition Formula	NAN, Lactogen
Ice Cream	Dreyer's, Häagen-Dazs, Nestlé Ice Cream

Petcare	Alpo, Cat Chow, Dog Chow, Friskies, Gourmet, Purina, Purina ONE, Pro Plan
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*Table 1 – Nestle Brands Breakdown*

## **Competitors**

Due to the presence of its wide range of product portfolio, Nestle Bangladesh PLC has a vast array of competitors. Some of the most major competitor companies of Nestle Bangladesh PLC are as follows:

### **Unilever:**

Unilever, a British-Dutch conglomerate established in 1930, operates from dual headquarters in the United Kingdom and the Netherlands. Specializing in consumer goods, including food and beverages, as well as cleaning and personal care products, Unilever holds the distinction of being the world's largest consumer foods company. With a presence in approximately 190 countries, Unilever's widespread availability has solidified its popularity globally. Over its extensive history, Unilever has cultivated a strong brand image, earning the trust and loyalty of consumers. Renowned for its commitment to quality, Unilever's food products are crafted using premium ingredients, with a focus on enhancing health, ensuring food safety, promoting sustainable sourcing, and minimizing food waste. Leveraging its extensive distribution network, Unilever stands as a formidable competitor to Nestlé, despite differences in product offerings. The overlap in their respective industries positions Unilever as a key rival to Nestlé, reflecting the competitive landscape of the consumer goods sector.

### **Kellogg Company:**

Kellogg, a global food processing giant founded in 1906 and headquartered in Michigan, USA, is renowned for its extensive range of breakfast cereals, directly competing with Nestle Bangladesh's breakfast cereal portfolio. While Nestle emphasizes premium offerings in this category, Kellogg strategically positions itself with more affordable pricing strategies to capture market share. The company's main focus lies in convenience and cereal foods, including crackers, toaster pastries, and cookies, marketed under brands such as Keebler, Corn Flakes, and Cheez-it. Operating in 18 countries and distributing its products in approximately 180 nations, Kellogg's cereals, widely recognized as Kellogg, are prominently featured in grocery stores worldwide, facilitated by a robust direct sales force. Known for prioritizing nutrient-rich food production, Kellogg holds the title of the world's largest cereal maker, annually allocating approximately \$1 billion to brand enhancement initiatives. With its strong brand reputation and diverse product portfolio, Kellogg emerges as a significant competitor to Nestle, shaping the competitive landscape within the food industry.

### **Abul Khair Group:**

Abul Khair Group is a diverse conglomerate from Bangladesh that directly competes with Nestle Bangladesh, especially in the nutrition sector, where Abul Khair Group is the company with the most market share right after Nestle. Apart from that, Abul Khair Group is also competing with Nestle in the coffee market, with their new product AMA Coffee, which promises Brazilian coffee at a more affordable rate. Although this product does not have as high market share as Nescafe, it is still posing a threat that the company is dealing with cautiously and delicately.

**Faaska:**

Faaska, a company specializing in the commercialization of high-quality nutritional products for infants and young children, stands as a formidable competitor in the market, directly challenging established brands like Cerelac offered by Nestle Bangladesh PLC. With its flagship product Biomil, Faaska targets discerning parents and caregivers who prioritize nutritional excellence and quality in their infants' diets. Biomil is formulated to provide essential nutrients crucial for the healthy growth and development of infants, offering a compelling alternative to traditional baby cereals like Cerelac. By leveraging advanced manufacturing processes and nutritional expertise, Faaska aims to establish itself as a trusted partner in the journey of early childhood nutrition, competing head-to-head with established players like Nestle Bangladesh PLC.

### 2.3 Management Practices

The organizational hierarchy of Nestle Bangladesh PLC is rather flattened, with limited scopes for new positions. Hence, the overall number of employees usually remains unchanged. If surplus human resources are required, the company simply hires them on a contractual basis to fulfill the necessity.

As for recruitment, the company mainly recruits via circulars on its social media pages, especially Nestle Careers Bangladesh. It also promotes the circulars via online hiring portals such as BDjobs.com. When it comes to hiring someone for the brand teams, the company most opts for experienced employees who are already in the sales team. In certain cases, it favors external candidates.

Due to the relatively flattened organizational structure, the employees enjoy flexibility when it comes to decision making. The employees report to their respective general managers for approval, who further pitch the idea to upper management as per necessity. In different projects, the involved departments collaborate with each other for successful completion.

The human resources department plays a pivotal role as the HR managers hire and manage the employees. They're also responsible for ensuring timely disbursement of salaries through coordination with the finance team, and arrangement and execution of different officials as well as cultural events.



*Figure 1: Nestlé Bangladesh PLC Organogram*

## 2.4 Marketing Practice

Nestlé Bangladesh leverages a brand image built on consistent quality. Customer trust in the company's commitment to quality over cost allows for a more measured approach to marketing and advertising compared to some competitors (Business Strategy Hub, 2021).

Nestlé Bangladesh primarily utilizes two advertising objectives:

Informative campaigns to educate consumers about product features and benefits, and

Persuasive campaigns to encourage product trial and purchase.

While the company enjoys brand recognition, it still employs strategic marketing tactics. Here are some key aspects of Nestlé Bangladesh's advertising strategy:

### **Compliance with Regulations:**

Nestlé adheres to regulations that prohibit advertising of infant milk substitutes. It also has to adhere to strict regulations in terms of food quality.

### **Targeted Campaigns:**

Marketing efforts focus on promoting new products through mass advertising campaigns.

### **Tailored Communication:**

Advertising methods and messages are customized to resonate with specific target audiences for each product category.

### **Experiential Marketing:**

Nestlé Bangladesh utilizes innovative approaches like Nescafé coffee vending machines in educational institutions and corporate offices to directly engage consumers.

### **Focus on Quality Control:**

Nestlé prioritizes rigorous food testing and analysis, as evidenced by the 2003 Nescafé sampling initiative.

### **Adapting to Evolving Trends:**

In response to the COVID-19 pandemic, Nestle Bangladesh expanded its online presence by partnering with e-commerce platforms like Chaldal and Pandamart.

To ensure quality advertisement and communication materials, Nestle Bangladesh PLC partners with capable marketing agencies such as GREY Bangladesh (Cerelac), Bitopi (Nescafe), Step Media (Maggi), IMS (Koko Krunch), etc.

## 2.5 Financial Performance

As an intern working at Nestle, I had to sign an NDA and I am not allowed to share details regarding the financial reports from previous years. However, I managed to get the numbers of annual turnover of the company. In the past three years, the revenue of Nestle Bangladesh grew by 11.11% from 2021 to 2022, and 12.35% from 2022 to 2023 (All data and numbers are approximately close to the actual amount, which cannot be disclosed).

A huge chunk of this revenue is driven by the nutrition sector as Cerelac, NAN, Lactogen are brands with minimum to no competitor. In the Food and Beverage category, Maggi drives the highest amount of revenue.

<b>Year</b>	<b>Annual Turnover</b>
2023	3000CR (Approx)
2022	2670CR (Approx)
2021	2403CR (Approx)

*Table 2 – Yearly Annual Turnover (FY 2021 - 2023)*

## 2.6 Operations Management and Information System Practices

Nestle Operations Management is governed by two crucial documents, and these are Nestle Management and Leadership Principles and Nestle Corporate Business Principles. These not only provide the code of ethics prescribed by the company, but they also determine the organizational tone and culture through which the company will approach the business. Their fundamental business strategy is to ensure fulfillment of all

its stakeholders, be that the shareholders, customers, retailers, and other business and non-business entities associated with the fields they operate in. Needless to say, this does include our planet too. The company has invested greatly in the conservation of the environment. They have also made efforts to recycle their packages and waste material. One of the most notable steps taken by Nestle in order to minimize emissions is the Kyoto Protocol, an agreement to control carbon dioxide emissions.

The company embraces diversity in terms of both ethnicity and culture as it believes that the consumers interest themselves with the direction the company is taking in general. The company refrains from taking any sort of measure that may be considered discriminatory, and it completely avoids commenting on any political issue.

As for their international operational strategy, the company leans heavily on foreign investment, mostly in dairy. When the company operates in a developed economy, it leverages foreign direct investment. On the other hand, it relies on local raw material and labor forces when operating in developing economies.

The company also goes into strategic alliances with other multinational and national companies and government bodies. For example, it partnered up with Coca Cola to manufacture and sell ready to drink beverages. In Bangladesh, the company worked closely with BCSIR to formulate groundbreaking products that benefitted not only the company, but also the country and its people.

As an intern, this is all I could disclose. As for the information system practices, these databases are not readily available for interns to begin with, so no information could be share about them.

## 2.7 Industry and Competitive Analysis

### SWOT Analysis of Nestle

<p><b>Strengths:</b></p> <p><b>Responsive Product Portfolio:</b> Nestle highly prioritizes consumer preferences and makes appropriate changes to its products to meet changing demands.</p> <p><b>Innovation Focus:</b> The company heavily invests in research and development so it can surprise the market with improved products.</p> <p><b>Unwavering Quality Commitment:</b> Nestle commits to unwavering product quality, and the company succeeds in customer retention through providing quality products.</p> <p><b>Streamlined Operations:</b> The operations of Nestle are rather centralized, and this allows the functions to work seamlessly with each other.</p> <p><b>Extensive Distribution Network:</b> Nestle has managed to create a robust distribution network in the country over the past few years which has allowed it to spread beyond just urban areas. Nowadays, Nestle has penetrated even deep rural markets.</p> <p><b>Diversified Brand Portfolio:</b> The vast brand portfolio of Nestle allows it to cater to different customer bases.</p>	<p><b>Weaknesses:</b></p> <p><b>Maggi Noodles Crisis:</b> In 2015, There was a controversy in India involving Maggi Noodles. This led to a considerable decline in the market share of the product and tarnished its global image, the effects of which spilled over to the Bangladeshi market too.</p> <p><b>Water Scarcity Concerns:</b> The company allegedly extracted huge amounts of water from regions that had limited access to clean drinking water. The company faced backlash regarding this issue.</p> <p><b>High Sugar Level:</b> Recently, newspapers have criticized the company for making certain food products such as NIDO and CERELAC more sugar-rich than recommended by international standards.</p> <p><b>Pricing Challenges:</b> Nestle faces challenges in establishing itself as the go-to brand as its products are priced higher than most domestic competitors.</p> <p><b>Brand Management Complexity:</b> As the brand portfolio of Nestle is very diverse, sometimes strategic decision making becomes tough as the decisions affect the brands differently.</p>
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<p><b>Opportunities:</b></p> <p><b>Capitalize on Health Trend:</b> Nestle perfectly aligns with the growing demand for healthy food products with its tagline “Good Food, Good Life”. This allows the company to expand its offerings in the nutrition category.</p> <p><b>Expand Infant Nutrition Reach:</b> Nestle Bangladesh has been promoting infant nutrition for the past three decades, and the company still has a lot of untapped potential in this market.</p> <p><b>Price Optimization:</b> Certain products of Nestle are underperforming due to poor pricing. The company can tweak the pricing on these for boosting sales.</p> <p><b>Culturally Tailored Products:</b> The company can emphasize more on curating products tailored to the tastes and preferences of the Bangladeshi people.</p> <p><b>Leverage E-commerce:</b> Nestle Bangladesh can leverage the growing e-commerce platforms of Bangladesh for greater outreach.</p>	<p><b>Threats:</b></p> <p><b>Intense Marketing Competition:</b> As a multinational company, Nestle Bangladesh is required to maintain certain regulations that the domestic companies can bypass easily. This gives the competitors an edge in terms of aggressive advertising.</p> <p><b>Price Sensitivity of Consumers:</b> The FMCG market of Bangladesh is extremely price sensitive. Consumer resistance to higher priced products lead to lower sales for Nestle.</p> <p><b>Unethical Local Competition:</b> Sometimes the local producers undertake unethical means to undercut multinational companies, and Nestle suffers from this too.</p> <p><b>Regulatory Hurdles:</b> The nutrition sector of Bangladesh is heavily regulated by the government. As Nestle Bangladesh heavily relies on its nutrition sector, it has to remain hypervigilant.</p>
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*Table 3 –SWOT Analysis*

*Source: The Business Strategy Hub Website*



## Porter's Five Forces Analysis

### **Threat of New Entrants:**

Nestle is such a very well-known and trusted brand amongst people and in the FMCG industry, it's tough for new companies to compete. This results in making it harder for them to raise the bar for quality and take away Nestle's customer loyalty and trust. Moreover, the industry is currently already crowded with successful businesses and making it an even greater challenge and competition for novices.

### **Threat of Substitutes:**

Nestlé always stays ahead of the competition by using their research and development team to constantly develop new products and manage to find ways to counter other substitutes. For example, their pure focus on health and wellness of people keeps them relevant in today's market.

### **Power of Supplier Bargaining:**

Nestle's big buying power and focus on high-quality dairy and agricultural products ensures them as valuable partner for suppliers all over the country. Nestle here can even help them improve by offering advice on boosting productivity and lowering costs from time to time.

### **Power of Customers Bargaining:**

Nestle has built its strong reputation by catering to consumers' growing interest in health and wellness. As a result, this kind of focus on health-conscious products sets them apart in the current market with many alternatives and competitors.

### **Competitive Rivalry within the Industry:**

Nestle stands out in the market as a leader in the FMCG industry, facing overall limited competition. Their noteworthy marketing and advertising investments directly fuel intense competition, eventually benefiting consumers through their own wide range of high-quality products in the market.

*Table 4 –Porter's Five Forces Analysis*

## **Chapter 3: An Exploration of Online Consumer Buying Behavior in context of Bangladeshi Fast Moving Consumer Goods Industry**

### **3.1 Introduction:**

The FMCG market of Bangladesh is one of the most dynamic ones. Since the 80s', expenditure on FMCG products has been increasing gradually. Recently, with the increased purchasing power parity of the Bangladeshi population, FMCG products have managed to take up a greater chunk of the customer bucket than ever.

Nestle Bangladesh PLC is hailed as one of the most successful multinational companies in the FMCG sector of Bangladesh, and internationally too. One of the key reasons behind this is the company's ability to mold itself to the ever-dynamic market. Consumer behavior changes due to a lot of factors, but with the increasing accessibility of social media and technology, it has been changing at a pace faster than ever.

The key objective of this paper is to identify changing online consumer behavior of the Bangladeshi population with a focus on FMCG products. In order to do so, a survey was conducted on over 40 people belonging to Sec A and B, as customers from these demographics are more likely to opt for online purchases.

Firstly, we will assess why the consumers are likely to opt for online purchases for FMCG products. This will help provide an understanding of what makes online purchases superior to traditional grocery stores, wet markets, or modern trade purchases.

Secondly, the paper will explore which features within shopping apps attract the customers most. From the collected data, it's possible to infer whether customers prioritize user-friendly interfaces, payment security, or faster deliveries.

The third objective is to figure out how the inclination towards online shopping affects the FMCG industry, as certain factors evidently work differently than traditional shopping. We will investigate how online shopping affects and shifts brand preferences, whether it reduces the number of times stores are visited, etc.

Lastly, with the inferences made, we will explore the possible measures FMCG companies like Nestle can take to make informed decisions to leverage the online purchasing trends to grow.

### **3.2 Objectives of the research:**

#### **Broad Objective**

An Exploration of Online Consumer Buying Behavior in context of Bangladeshi Fast Moving Consumer Goods Industry.

## Specific Objective

- Analyze the factors influencing online FMCG purchases
- Identify preferred features within FMCG shopping apps
- Explore the impact of online shopping on traditional FMCG buying behavior
- Formulate recommendations for FMCG companies

### 3.3 Literature Review:

The study looks at Bangladesh's expanding trend of FMCG (fast-moving consumer goods) purchases made online. Studies in Bangladesh indicate a surge in online FMCG purchases, driven by convenience, perceived affordability, and user-friendly platforms (Ahmed, 2021). While younger demographics are leading the trend, concerns exist regarding product inspection and post-purchase service quality. Understanding these consumer insights is crucial for FMCG companies to capitalize on this growing market. Through surveys, interviews, and secondary data, this report looks at consumer behavior in order to comprehend online platform competition as well as the viewpoint of the user. Results point to an increase in FMCG purchases made online, especially by younger consumers. Convenience, perceived affordability, and platform user-friendliness are what drive consumers. There are, however, certain limits, such as limitations on product inspection and worries about the caliber of services provided after a purchase. These insights are essential for FMCG businesses in Bangladesh. To capitalize on this thriving industry, the report suggests tactics to improve online presence, establish hassle-free return policies, and foster trust through quality control. Gaps identified: A broad knowledge of online FMCG purchase behavior is the subject of the study provided. Additional research might examine certain FMCG product categories and the patterns of their online purchases. It would also be beneficial to investigate how social media and internet marketing affect FMCG consumers' purchasing decisions.

### 3.4 Research Methodology:

**Primary data:** The data for this research has been primarily collected with the help of taking indepth surveys of over 40+ people. Ranging from the age of 18 to 55+ all over Bangladesh. The majority were male (52%), with females accounting for the remaining 48%. Along the way, we had expert opinions to further strengthen our findings and data.

**Secondary Data:** Since the research tackles a unique angle at a concept that is already very new for the demography, there was an acute scarcity of secondary data. Thus, no secondary data was used and the research depends mainly on the primary data as collected.

Regardless, to ensure accurate and effective interpretation, both qualitative and quantitative data was gathered, which will definitely help in painting the greater picture.

## **Gathering Quantitative Data:**

A. Sampling Strategy: The sampling strategy involved respondents from different age groups, genders, and household incomes, but most of them were from urban locations as online shopping hasn't become widely available in sub-urban or rural areas.

B. Surveys and Questionnaires: The quantitative surveys were crafted to find out how many people opt for buying FMCG products and how many of them are purchasing it online. Furthermore, it collects data on their rationale behind opting for online shopping, what factors they look for while choosing a brand, etc.

C. Expert Interview: In this research, I have interviewed Mr. Abrar Zawad, who is currently employed as a Management Trainee at Nestle Bangladesh PLC. Through this interview I have gained a lot of valuable insights, and it has also allowed me to assess the research findings better.

## **Mix-Methods Examination:**

Quantitative and Qualitative Data Together: In this research, an intuitive mix of both quantitative and qualitative data was used for interpreting the results derived from the survey. For example, if the survey provided information regarding how many people preferred brand value over price, the qualitative measures were used to answer why they did it.

### 3.5 Findings and Discussions:

The FMCG market of Bangladesh has changed greatly in the past few decades. However, perhaps it has experienced the most dynamic shift in the past five or six years due to the accessibility of technology and e-commerce platforms. To assess the impact of e-commerce platforms on the FMCG market, a series of questions were asked to a sample pool that comprises people from various backgrounds. It's important to note that we targeted people who are likely to use e-commerce platforms, not necessarily guaranteed users. We will assess the collected data to assess how

#### **3.5.1 Analyze the factors influencing online FMCG purchases**

##### **Method of Data Collection:**

Survey and Data Collection

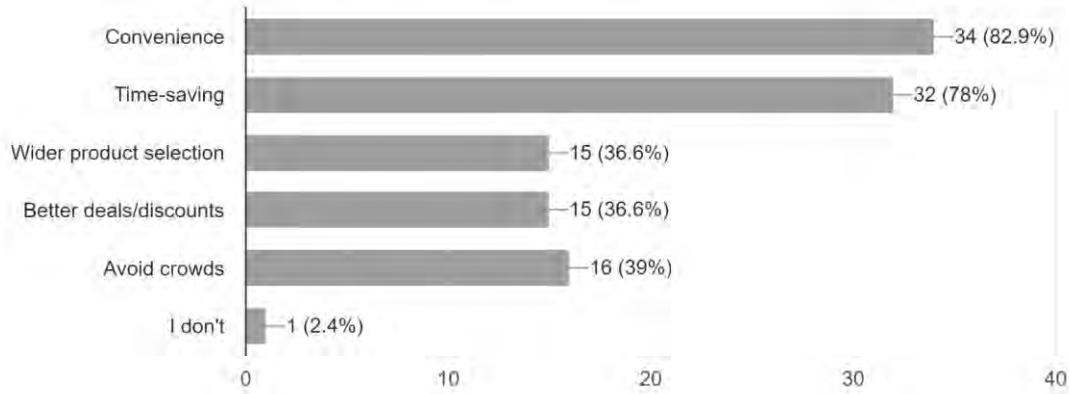
##### **Justifying the Data:**

Secondary research offers a fast, cost-effective way to gain initial insights and build context. Existing data lets you explore trends, identify knowledge gaps, and inform decisions before potentially investing in primary research.

## Highlights:

What are the main reasons you choose to shop for groceries online?

41 responses



*Figure 2: Factors influencing online FMCG purchases survey findings*

### **a) Convenience:**

When asked, 82.9% of the respondents agreed that the convenience offered by online shopping drives them to opt for online mediums when purchasing groceries. Out of 41, 34 respondents voted for this, so evidently the convenience is pivotal to shifting towards more online based purchases.

### **b) Time-Saving:**

78% of our respondents voted that they opt for online grocery shopping for its time saving merit. This only makes sense as in this fast life, people are likely to cut their chores as much as possible. Online shopping can be a time saver as it cuts the commute time, browsing and payment time, as well as any form of system loss.

### **c) Product variety:**

As online platforms manage to provide similar or in some cases, even greater product catalog to choose from, a decent 36.6% of the respondents voted that the product variety drives them to online shopping.

### **d) Pricing and deals:**

36.6% people also reported that they opt for online shopping as it offers better pricing and deals. This only makes sense as grocery stores and wet markets rarely offer any sort of discount. While modern trade does offer deals and packages from time to time, the frequency and discounts aren't as attractive as the ones offered by online shopping platforms. Moreover, online shopping platforms offer more solid subscription/loyalty programs.

### **e) Crowd Avoidance:**

Apparently, a majority of the sample pool prefers avoiding crowds during shopping. A staggering 39% of people voted that one of the key reasons they avoid physical shopping is to avoid the crowd.

From the data collected, it can be inferred that the majority of the customers who opt for online shopping platforms do it for the sake of convenience. While a wider product offering and discounted pricing serves as hooks, convenience is the factor that drives most people to online shopping platforms.

### 3.5.2 Identify preferred features within FMCG shopping apps

#### Method of Data Collection:

Survey and Data Collection

#### Justifying the Data:

Secondary research offers a fast, cost-effective way to gain initial insights and build context. Existing data lets you explore trends, identify knowledge gaps, and inform decisions before potentially investing in primary research.

#### Highlights:

What are the main factors you consider when choosing an online grocery store?

42 responses

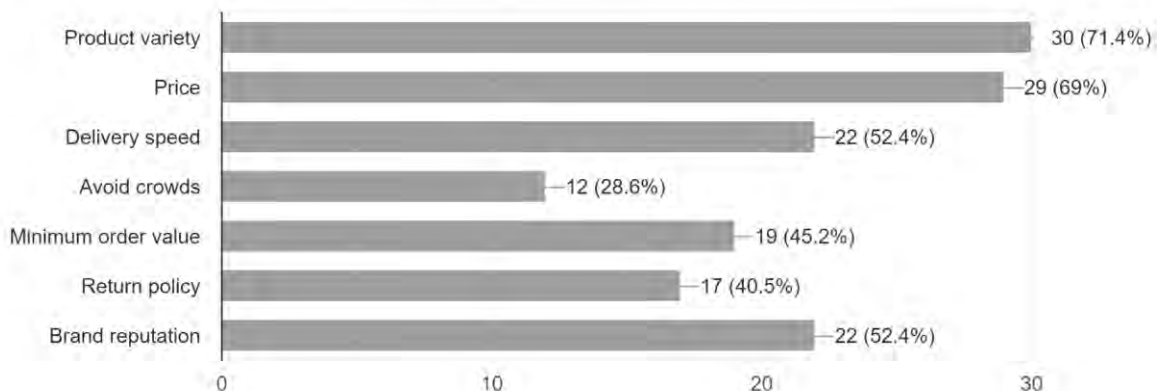


Figure 3: Preferred features within FMCG shopping apps survey findings

#### a) Product Variety:

A staggering 71.4% respondents voted that they consider product variety when choosing between online grocery stores. From this it's easy to infer that people prefer online stores from where they can check most products off at a go, as this can reduce delivery charges substantially. While delivery charges may not seem like a lot at first, they do stack up over time, and consumers are keen on cutting that.

#### b) Brand Reputation:

Brand reputation is apparently a key factor consumers look for, as 52.4% consumers consider the brand reputation while picking an online grocery store. It's easy to infer that people prefer reputed brands as a lot

of online stores scam people in terms of both money and product quality. Also, the greater the reputation of the brand, the more people are likely to trust that platform with online payment.

**c) Efficient delivery system:**

52.4% customers voted that they look for efficient delivery systems when choosing an online grocery store. Different online stores offer different sorts of delivery systems. While some deliver almost instantly, some take days, or even months for the delivery. This mainly depends on the availability of the product as some FMCG products aren't available in the country, and the shops deliver these only on pre-order basis. Half of the customers prefer to opt for stores with fast delivery systems, but evidently there's room for stores with slow delivery, given the delivery time is justified.

**d) Price:**

As expected, a majority of the respondents prefer online stores that offer better prices. This ties in with the fact that a lot of customers opt for online shopping not only for convenience, but for cost-cutting as well.

**e) Minimum Order Value:**

The minimum order value denotes the minimum amount one has to order from an online store. In case the minimum order value hasn't reached, the platforms charge an extra amount for reaching the minimum order value. 45.2% of customers factor in the minimum order value and opt for stores with a lower bar. Technically, the lower the minimum order value, the more accessible the platform is.

**f) Return Policy:**

40.5% of the respondents have reported that they prefer online stores that offer better return policies. Apparently, online stores are far from perfect, and they often end up providing the wrong product, wrong product variety, or even worse, damaged product. A flexible return policy allows the customers to return the product, should it fail to meet customer expectations.

From the data, it's evident that when choosing between several online shopping platforms, the customers focus most on the product variety and pricing. They look for platforms from where they can purchase most, if not all of their necessary products. Also, they are likely to opt for platforms that will help them save money.

### **3.5.3 Explore the impact of online shopping on traditional FMCG buying behavior**

**Method of Data Collection:**

Survey and Data Collection

**Justifying the Data:**

Secondary research offers a fast, cost-effective way to gain initial insights and build context. Existing data lets you explore trends, identify knowledge gaps, and inform decisions before potentially investing in primary research.

**Highlights:**

**a) Credibility:**

What are the main factors influencing your choice of FMCG brands online?

42 responses

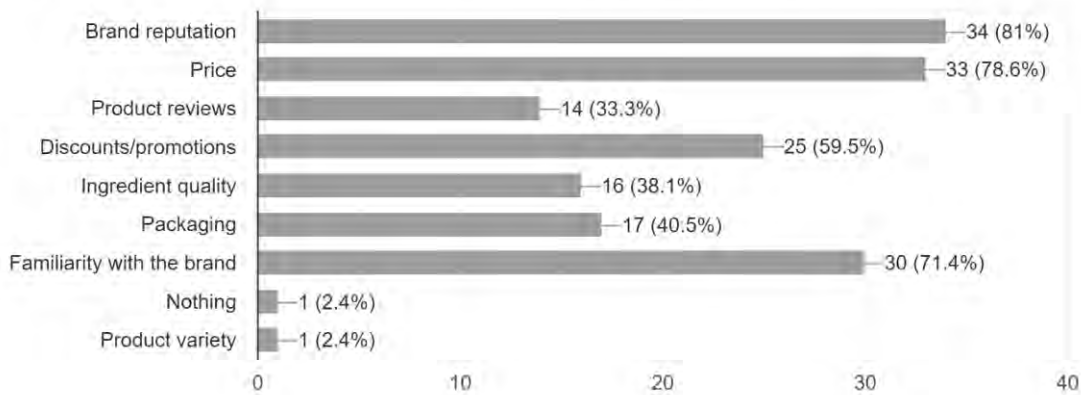


Figure 4: Impact of online shopping on traditional FMCG buying behavior survey findings

When asked about the factors influencing the choice of purchase, 81% of the respondents voted that the brand reputation plays a crucial role in picking products. Now, one could assume that the impact of brand reputation isn't limited to online purchases only, but it applies equally when opting for in-store purchases.

How important are online reviews in your decision-making process for FMCG purchases?

42 responses

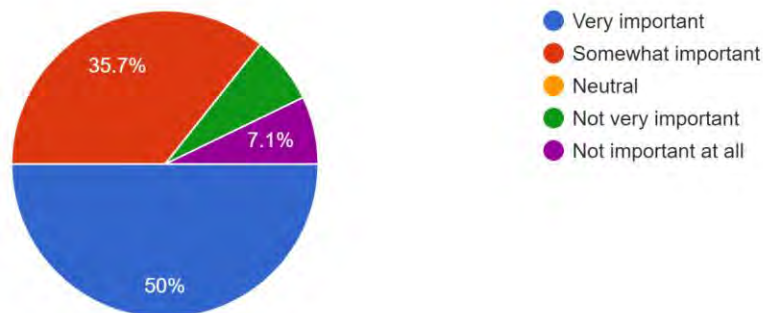


Figure 4.1: Impact of online shopping on traditional FMCG buying behavior survey findings

However, at the same time 85.7% of the respondents feel that online reviews are very important in their decision-making process. This adds a fun twist to the consumer experience story. When purchasing the same products in-store, customers are deprived of peer reviews. Previously, it was a common phenomenon for people to opt for certain products based on reviews they've heard from friends and family.

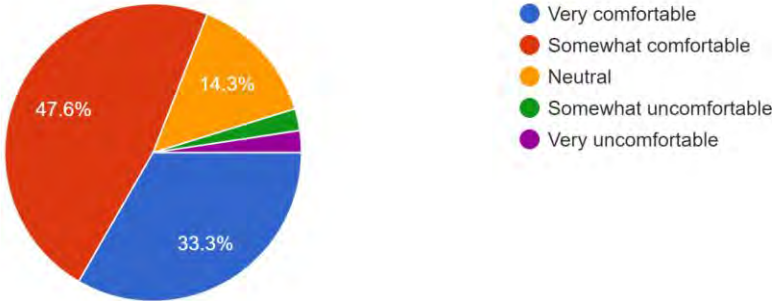


With online stores making peer reviews more accessible, people have greater chances of determining the effectiveness and quality of a certain product. Customers can see reviews from anyone who has purchased the product previously, so they can immerse themselves in a greater pool of data, thus allowing them to make more decisioned purchases.

That coupled with the fact that a chunk of the customers believe that online reviews are important to their decision-making process, one can interpret that online shopping is offering more credibility to the shopping experience and thus, demotivating customers from shopping offline.

**b) Shift towards Cashless Methods:**

How comfortable are you with online payment methods for grocery shopping?  
42 responses



*Figure 4.2: Impact of online shopping on traditional FMCG buying behavior survey findings*

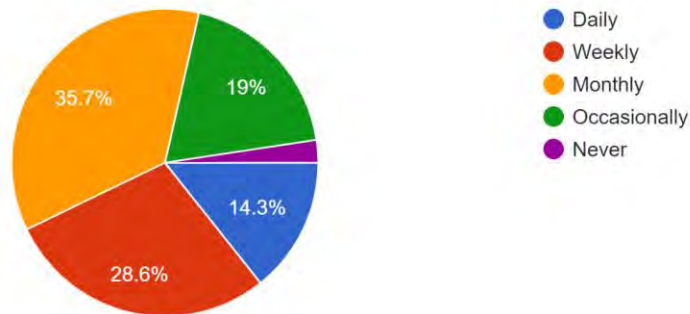
Around 81% of the respondents feel comfortable with online payment methods. This shows the recent shift towards going cashless, which is solidified by the incentives offered by digital payment platforms. While online shopping has made the idea of digital payment more acceptable to customers, the effect is found seeping into brick-and-mortar stores as well.

Most of the stores, especially in urban areas, are found integrated with one or more forms of digital payment system. This allows people to purchase items even when they aren't carrying the required amount of cash. While the promotional activities of digital payment platforms must be credited for a lot of the heavy lifting in this spreading the use of cashless systems, the impact of online shopping is far from negligible in habituation.

**c) Reduced Frequency of Shop Visits:**

How often do you purchase FMCG (Fast-Moving Consumer Goods) products?

42 responses

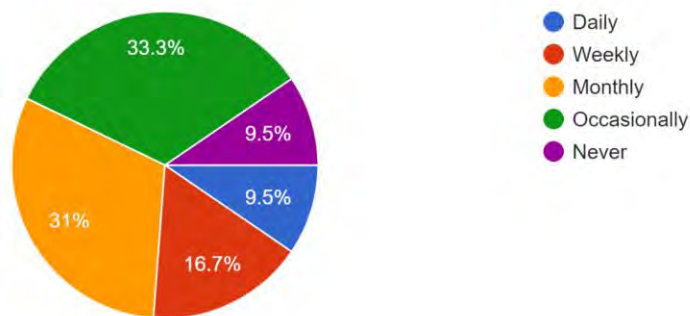


*Figure 4.3: Impact of online shopping on traditional FMCG buying behavior survey findings*

This specific survey result shows that around 14% of respondents purchase FMCG products daily, while 28.6% purchase them weekly, and 35.7% purchase them on a monthly basis.

How often do you shop for groceries online?

42 responses



*Figure 4.4: Impact of online shopping on traditional FMCG buying behavior survey findings*

On the other hand, the same respondents voted that 9.5% of them opt for online shopping on a daily basis, 16.7% opt for them on a weekly basis, and 31% opt for them monthly. From this data we can derive that a solid chunk of our sample pool has shifted to online shopping from offline grocery shopping, and some of them even perform it on a daily basis. While they still pay a visit to stores from time to time, they have replaced a lot of their visits with online shopping due to factors such as convenience, better pricing, time saving etc.

### 3.5.4 Formulating recommendations for FMCG companies

#### Method of Data Collection:

Survey and Data Collection

#### Justifying the Data:

Secondary research offers a fast, cost-effective way to gain initial insights and build context. Existing data lets you explore trends, identify knowledge gaps, and inform decisions before potentially investing in primary research.

#### Highlights:

##### a) Enhance their online presence:

How do you stay informed about new FMCG products and promotions online?

42 responses

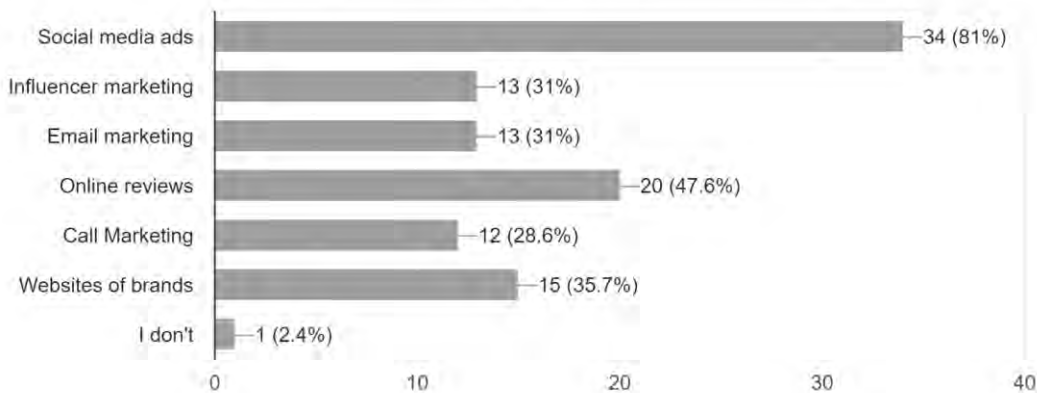


Figure 5: Formulating recommendations on FMCG sector survey findings

81% of our respondents reported that social media ads help them keep up to date with different FMCG products. Our key recommendation to FMCG companies would be to enhance their online presence so they can reach a wider customer base through social media channels. So far, promotional activities are crafted with the intent of keeping people up to date with latest product offerings. However, by integrating cross-marketing with different online shopping platforms, the companies can cue the customers to grab their products from online stores for communicating greater accessibility.

##### b) Optimize their online FMCG offerings:

Simply communicating the availability of the products may not be fruitful, as the consumer base looks for other benefits such as discounted price and convenience too. The FMCG companies should work in cohesion with the delivery services for offering better prices, and should communicate the convenience of grabbing their products from online shops too. For example, a promotional campaign can be crafted solely to communicate how much time and energy one can save from grabbing FMCG products online. Furthermore, online stores collect a lot of data regarding the customer basket. The companies can leverage this data to craft product assortments. For example, instead of purchasing everything separately, customers are more likely to buy a monthly product bundle that they need at the beginning of each month. This would also make them a sort of subscriber to the company, leading to greater retention.

**c) Implement loyalty programs:**

Retention can always be strengthened even further with rewards. Customers inherently seek reward for being regulars, and thoughtful rewards can hook their attention like nothing else. While price discounts or points serve great in loyalty programs, companies can also give away certain products with their bundles for free. For example, if a 100 gm Nescafe is given for free with a Food and Beverage bundle from Nestle, customers are more likely to purchase the bundle.

### 3.6 Conclusion & Recommendations:

The key objective of this paper is to identify changing online consumer behavior of the Bangladeshi population with a focus on FMCG products. In order to do so, a survey was conducted on over 40 people belonging to Sec A and B, as customers from these demographics are more likely to opt for online purchases.

Firstly, we assessed why the consumers are likely to opt for online purchases for FMCG products. This helped provide an understanding of what makes online purchases superior to traditional grocery stores, wet markets, or modern trade purchases. By compiling the inferences made throughout this analysis, it can be stated that the paradigm shifts towards e-commerce for purchasing FMCG products is affecting the industry, and has the potential of affecting it even more in the future to come. While mostly Sec A and B customers, and sparingly Sec C customers opt for online purchases now, this will slowly gain higher rate of penetration and frequency, thus making e-commerce the go-to for purchasing FMCG products. As most of the customers reported to have opted for e-commerce due to higher convenience, it is likely that a greater chunk of the population will shift to this once they get a taste of the benefits these platforms are offering.

Secondly, the paper explored which features within shopping apps attract the customers most. From the collected data, it's possible to infer whether customers prioritize user-friendly interfaces, payment security, or faster deliveries.

The third objective is to figure out how the inclination towards online shopping affects the FMCG industry, as certain factors evidently work differently than traditional shopping. We investigated how online shopping affects and shifts brand preferences, whether it reduces the number of times stores are visited, etc.

This one was a bit hard to answer, as people still visit stores even when they purchase products from the e-commerce platforms.

Lastly, with the inferences made, we explored the possible measures FMCG companies like Nestle can take to make informed decisions to leverage the online purchasing trends to grow. As we've said before, the e-commerce experience is very different from the in-store experience. It's not just the ease of transaction, discounted products, or limited system loss, but e-commerce platforms provide customers with the power to make informed decisions by facilitating peer reviews. So, the main way of gaining more customers on e-commerce platforms would be to offer more transparency when it comes to the products. Details such as expiry date, ingredients used in the product, and other sensitive information that might affect purchase decision should be disclosed. Doing so is more likely to win consumer trust, which will prove pivotal in increasing sales.

If a decent hunk of the mass starts opting for e-commerce, it will definitely create greater pressure on FMCG companies as they will need to maintain stricter standards of quality. So, overall, the shift towards online shopping is likely to generate healthy competition amongst existing companies, should allow new companies/ businesses to emerge much more easily, and will benefit the customers the most.

**Q1. Recommendations on enhancing online presence for FMCG industry**

-Exclusive offers catered towards youth and e commerce mainly

**Q2. Recommendations on optimizing the offerings of FMCG industry**

-Exclusive offer and discounts using unique price ranges followed by youth centric offers and activations

**Q3. Recommendations on implementing loyalty programs in FMCG industry**

- Collabs with e commerce platforms to start exclusive loyalty programs and establish local unique landing page for programs where exclusive offers are given to gain more traction

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