

Internship Report
On
Modern Trade Strategy of Nestle Bangladesh
Limited





PROJECT PROPOSAL

ON

**Modern Trade Strategy Of Nestle Bangladesh
Limited**

Course Name: Internship, BUS-699

Supervised By:

Mr. Tamzidul Islam

Senior Lecturer

BRAC School of Business

BRAC University

Submitted By:

Meftahul Jannat

ID: 12264011

Date of Submission: July 23, 2015

Letter of Transmittal

July 23, 2015

Mr. Tamzidul Islam

Senior Lecturer

BRAC School of Business

BRAC University, Dhaka

Subject: Regarding submission of internship report entitled “Modern Trade Strategy of Nestle Bangladesh Limited”

Dear Sir,

With profound respect and honor I would like to inform you that, I have completed my internship report on “**Modern Trade Strategy of Nestle Bangladesh Limited.**” This report is going to provide valuable assistance to the organization in finding out the quality products or services, achievement and exclusive activities with perfection and experience.

Therefore, I need your kind attention to assess my report considering the limitations of the study. Your kindness is my esteem if you do recognize this report and accept it.

Thank You.

Yours truly,

Meftahul Jannat

ID # 12264011

Acknowledgement

At first, I would like to thank almighty Allah for giving me the opportunity to complete my internship report. I also want to thank all the people who have given their support and assistance and extremely grateful to all of them for the completion of the report successfully. BRAC University and Nestle Bangladesh LTD both provided me with enormous support and guidance for my Internship program to be completed successfully.

I would like to thank Ms. Salwa Minallah, Nestle Bangladesh Limited, my organizational supervisor, for her valuable time and constant guideline and also like to thank Mr. Estefazur Rahman, Key Account Manager, Nestle Bangladesh Ltd for his encouragement throughout the internship period.

I would also like to thank Mr. Tamzidul Islam, my internship supervisor, for his kind concern, valuable time, advice and constant guideline throughout the internship period and making of the report.

I would like to express my foremost gratitude to other officials of Nestle Bangladesh Limited, who helped me and gave me their valuable time, providing me with the most relevant information on the basis of which I have prepared this report. I am thankful to all of them for helping and guiding me and for being nice and kind to me.

And finally I would like to thank of Nestle Bangladesh Limited, for providing me with the opportunity to do my internship in the second generation first lane esteemed organization.

Table of Contents

Contents	Page No.
Chapter-1: Background of the report	
Abstract	08
Executive Summary	09
Objective of the Report	10
Methodology	10-11
Limitation of the Report	11
Chapter-2: Organizational Part	
Overview of Nestle Bangladesh Ltd.	13-14
Vision, Mission and Objectives	14
Market structure & Segmentation	15-16
Organization structure	17
Products of Nestlé in Bangladesh	18
Chapter-3: Modern trade function	
About Modern trade	20
Sales automation guidelines	21-22
Consumer complaint handling process	23-24
Key Accounts Distributors' Performance based Allowance	25-26
Merchandiser's policy	26-27
Agreements with Trade	28-30
Competitors Activity in modern trade	31-33

Chapter-4: Analysis of Growth rate and Forward Stock Share	
Growth rate analysis	35-36
Forward stock share Analysis	36-37
Chapter- 5: Customer acceptance on Products or Services	
Customer acceptance survey	39-40
Survey output and interpretation	41-50
Chapter-6: Findings, Recommendation, Conclusion and References	
Findings	52-53
Recommendations	53-54
Conclusion	55
References	55



Chapter-1

BACKGROUND OF THE REPORT

Abstract

In every field of study, theoretical course work and the field experience play major role to shape the knowledge and skill of a student. I have selected Nestle Bangladesh Ltd. as a part of my internship program of Masters of Business Administration requirements because I was keen to work with world's largest health, nutrition and wellness company that can give me the real life exposure in one of the well-known corporate of Bangladesh- Nestle Bangladesh Limited. In the following report, I have tried to neatly sort all my activities separately to describe a clearer picture of my responsibilities assigned by my supervisor at Nestle Bangladesh. The report covers how Nestle holds its number one position and does business with modern trade by providing its products and services to the customers, and how customers accept those products or services.

In Chapter-2, there is an overview of Nestle Bangladesh Limited, which contains the corporate mission, vision, strategy of Nestle Bangladesh Ltd. In this chapter, there is a description of products and services offered by NBL, through which they satisfy their customers. Chapter- 3 entitled Modern trade functions that contains Competitors and Nestlé's different promotional activities in modern trade, how orders are collected and then deliver to the modern trade according to the modern trade's need, responsibility of Territory officer, Distributors and Merchandisers, how consumer complaints are handled in modern trade, different agreement like visibility drive and joint business plan etc. In the next chapter, there is a growth rate analysis in Route to market (rtm) which shows the difference of growth rate in comparison to previous year to this year and forward stock share analysis of Nestle in Modern trade which shows the percentage of Nestle products facing in comparison to total products facing in each category. Chapter-5 contains a survey to visualize the product acceptance and satisfaction level of the customers. At the end, there are some critical findings in Modern trade of Nestle Bangladesh Ltd, recommendations and exclusive conclusions of the report.

To conclude, in the report I tried to express how my academic knowledge was applied in different situations in the internship tenure. Also, it needs to be mentioned that some processes cannot be explained clearly in this report due to the confidential policy of the company.

Executive Summary:

Nestle is world's largest health, nutrition and wellness company. Nestlé started its operation in 1994 in Bangladesh and its factory is situated in Sreepur, Gazipur. Nestlé Bangladesh directly employs more than 650 people and more than 1000 people are employed by suppliers and distributors in connection to Nestlé. Vastly sold products in Bangladesh are NIDO, NESCAFE, MAGGI noodles and soup, MAGGI Shad-e-Magic, breakfast Cereals such as Corn Flakes, Koko Crunch, Milo, Coffee-Mate, Munch rolls and many more.

Nestlé is present around the globe, on all continents, with around 230,000 people working in more in an 84 countries with 466 factories and with sales representatives in at least another 70 countries. Nestlé is the world's largest food group, not only in terms of its sales but also in terms of its product range and its geographical presence. Nestlé covers nearly every field of nutrition: infant formula, milk products, chocolate and confectionery, instant coffee, ice-cream, culinary products, frozen ready-made meals, mineral water etc.

Hence through this internship report I have tried to analyze Nestlé's modern trade business strategy, Nestle position in modern trade, find out the services that Nestle Bangladesh is presently providing to its valued customers also a comprehensive survey was conducted to know about the acceptance level of customers. The survey reports shows that Nestle is still a market leader in this industry but as it is becoming more competitive day by day, so Nestle should revise its products, services with more conveniently for the customers.

Objectives

The objectives of this report are:

General objectives:

The general objective is to prepare and submit a report on “**Modern trade strategy of Nestle Bangladesh Limited.**”

Specific Objectives:

- 1) To determine the Nestle position in modern trade.
- 2) To know the modern trade strategy of Nestle Bangladesh Limited.
- 3) To determine the Nestle consumers products acceptance status and services usages.

Methodology

Type of Research:

My study on this report is based both on primary and secondary resources as well. I have applied “Descriptive Research” to conduct the report. This includes the methods of data collection & the sources of the data or information of the research. The total number of Nestle consumers are considered as the population of the research and out of these total consumers randomly picked 100 consumers in the sample.

Sources of Data:

Primary data sources:

All the necessary information are collected by using,

- Informal discussion with honorable officials.
- Direct observation and work practically.
- Taking interview of the consumer.

Secondary data sources:

The secondary data collection source was official website, and the different files of Nestlé Bangladesh.

Limitation of the study:

In every research work there are some limitations faces when conducting different activities. Some of this notable limitations are-

- The report has been conducted within a short time frame as I have to prepare this report along with my regular office work.
- There were some limitations of access to information, which are strictly confidential for the company.
- Last but not the least; it won't be possible to obtain 100% accurate data since the survey was done on a set of sample, not the entire population.



Chapter-2

ORGANIZATIONAL PART

Overview of Nestle Bangladesh Ltd.

In 1867 Henry Nestle, 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 Lactee Nestle (Nestle Milk Food)”. In order to expand into a broader category and meet more people’s needs, the Nestle 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 Nestle 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. Nestle products are now widely distributed on all continents and sold in more than 100 countries.

Nestle in Bangladesh

Popular Nestlé brands started entering this part of the sub-continent during the British rule and the trend continued during the pre-independence days of Bangladesh. After the independence in 1971, Nestlé World Trade Corporation, the trading wing of Nestlé S.A, sent regular dispatch of Nestlé brands to Bangladesh through an array of indentures and agents and some of the brands such as NESCAFE, CERELAC, LACTOGEN, MUNCH ROLLS and MAGGI became some very common products.

In the early eighties Transcom Ltd. was appointment the sole agent of Nestle products in Bangladesh. In 1992 Nestle and Transcom Ltd. acquired the entire share capital of Vita Rich Foods Ltd. Nestle took 60 percent while Transcom Ltd. acquired 40 percent.

The name of the company was also changed at this time to Nestle Bangladesh Limited. In 1998 Nestle took over the remaining 40 percent share from Transcom Limited. Today Nestle Bangladesh Ltd. is a solid based enterprise.

Nestlé Bangladesh Limited started its commercial operation in Bangladesh in 1994. 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. Today Nestlé Bangladesh Ltd. is a strongly positioned organization. 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.

MISSION, VISION, AND STRATEGIES

Mission:

Nestlé is the world's leading nutrition, health and Wellness Company. Its mission of "**Good Food, Good Life**" is 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.

Vision:

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.

Strategies:

Nestlé Bangladesh has these strategically key Success Factors:

- Strong brands / relationships with consumers

- Research and development
- Innovation and renovation
- Product availability

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. 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.

Bases of Segmentation:

Nestle Bangladesh Ltd. uses Demographic as well as behavioral segmentation too.

Nestle launched their product for some variables such as:

- 1. Age:** Nestle has launched various types of product for various age's people. Such as they have launched Nestle CERELAC and LACTOGEN for the babies for 1 month to years. Then they have launched Nescafe for the young people. They have also Milo, Koko Crunch, and Cornflakes for Different age's people.
- 2. Family Size:** Nestle also launched their product on the basis of Family sizes. They have their mini products for small families also they have their family size

for the big family. Such as Maggie family pack noodles. Cornflakes Small and large size.

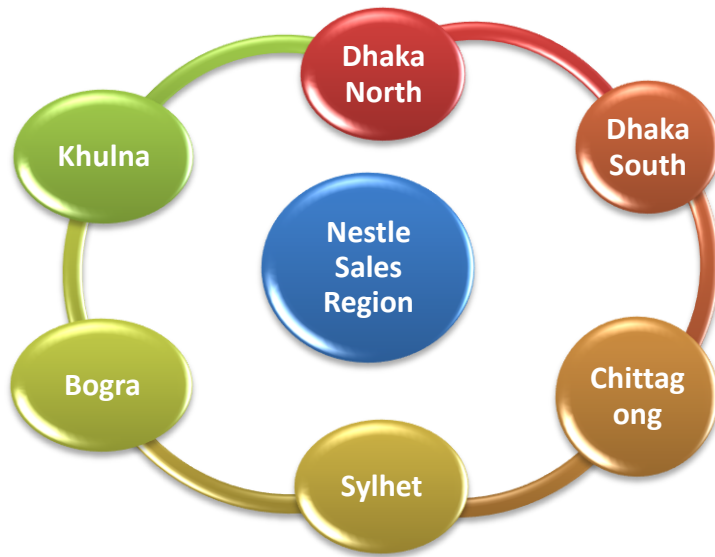
- 3. Occupation:** They have also various products for various occupied peoples. Such as they have Nescafe for the people who have to work a lot. They have also MILO. It's one type of energy drink. They have also CORNFLAKES as breakfast cereals.
- 4. Loyalty status:** By many products nestle has segmented their market by consumer loyalty. Consumers are loyal to brands MAGGI, NESCAFE, Coffee mate etc.

Target Marketing Strategies:

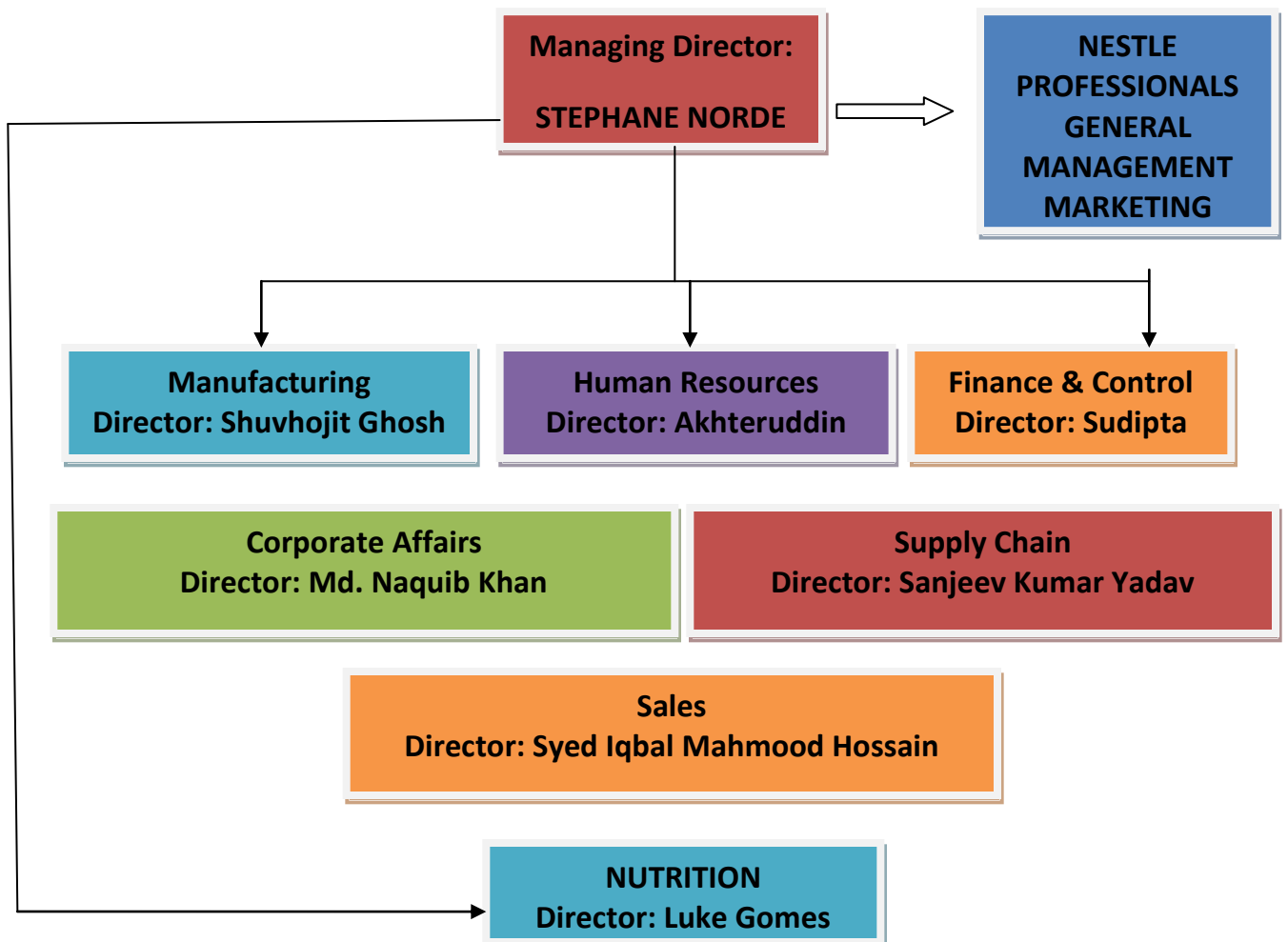
Nestle uses Differentiated marketing for target market. It targets different market segments and designs separate offers for each. It has launched various types of products to achieve higher sales and stronger position in the markets within the segments. It has targeted the markets by ages, family sizes, income, and occupation and thus they are launching their products. They are also targeting the market by loyalty status. Thus consumer can be loyal to their Brands.

Customers of Nestlé Bangladesh Limited

Nestlé Bangladesh Limited markets its products throughout the country with the help of the distributors. A part from that, Nestlé Professional is a separate function which is responsible for the institutional sale. There are currently 82 distributors of Nestlé Bangladesh products of which 76 are retail distributors, 2 are modern trade distributors and remaining 4 are Nestlé Professional's distributors providing products for the out of home consumptions. The whole country is divided into six regions:



ORGANIZATION STRUCTURE



Products of Nestlé in Bangladesh

Categories	Brands & SKUs	
Dairy	Full Cream Milk Product : NIDO Fortified	
	Growing up milk : NIDO 1+, NIDO 3+	
Beverages	Infant Coffee : NESCAFE Classic	 
	Coffee Mix :NESCAFE 3 in 1	
	Non Dairy Creamer : Coffee Mate	
Foods	MAGGI Noodles : Masala & Curry	 
	MAGGI Soup : Thai , Corn & chicken , Vegetable	
	MAGGI Shad E Magic	
Breakfast Cereals	Nestle Koko Crunch	  
	Nestle Cornflakes)	
	Nestle Milo	
Infant Nutrition	Infant Formula: LECTOGEN 1,2,3, NAN 1,2	 
	Infant Specialties: Al-110	
	Infant Cereal: CERELAC Wheat & Honey, Apple& Cherry, Mixed Vegetable etc.	
Confectionary	Munch Rollz	



Chapter-3

MODERN TRADE STRATEGY

Modern trade:

Now a day's Modern trade plays an important role in Bangladesh. It's a place where people can get different products in one place and can easily compare between different brands. Here consumers' presence is noticeable because of comfortable environment with reasonable price, quality products and trade services. The price is placed in the body of all products, so there is not any chance for bargaining for the products.

Most of the super markets are located in residential area. Especially middle class people to upper class people are collecting their needed products from the super markets. The decorations of super markets are very lucrative. There are many super shops in Dhaka and other area of the country like Agora, CSD, Meena Bazar, Shopno, Almas super shop etc. In most of the super shops, if any customers find any problem with the product he can return the product to that shop by showing his receipt. Customer can carry a trolley to find their essential grocery items from the super shop and the sales representative also provide information about the product if any customer asks.

In Dhaka there are two distribution centers for modern trade of Nestle Bangladesh Ltd. One is **ORGANIX** which is responsible for deliver products to Meena bazaar, Almas, Shopno and another is **Route To Market International Limited** (rtm) which is responsible for delivering products to Agora, CSD, Unimart, Lavender and also a sister concern of Polar ice-cream & Urban Design & Development Limited (UDDL). Today RTM is one of the most trusted names that ensure the best quality customer service in distribution & FMCG industry. Currently they are selling & distributing the product of Nestle, Micromax mobile, bKash, Bangladesh Edible Oil Limited, Malee Juice, Dan Cake, ZeroB and more. Both distribution centers have separate Territory officer, merchandisers, DSRs, supervisors and other officials.

Sales Automation principle:

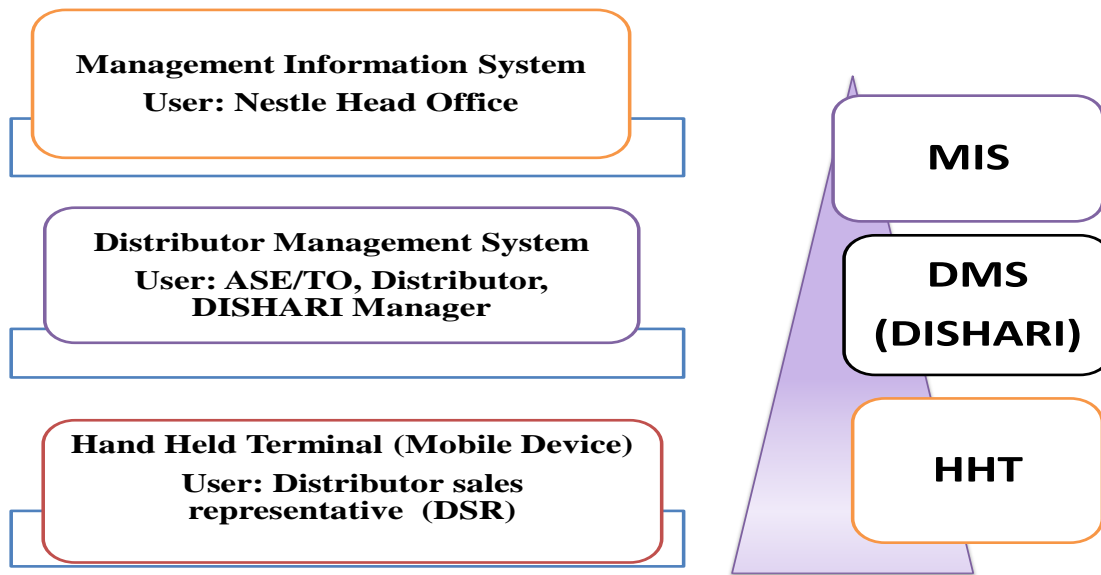
The document covers field sales data management, all promotional activity execution practice & control, distributor's transaction, distributor's order management & required sales/ distribution reports.

Sales automation: Sales automation is the system by which the sales function of Nestle Bangladesh Limited operates all the sales related operation in the fields as well as carryout all the report generation through DMS at field level and through MIS at H.O level.

Hand Held Terminal (HHT): Electronic device that is used for taking information from field by secondary sales force. In the data management process this is the first step of data input.

Distributor Management system (DMS): Distributor management system is designed to support the total business operation of distributors through an automation process. The name of the support system is DISHARI.

Management Information System (MIS): Management information system provides information that organizations require to manage themselves efficiently and effectively. MIS provides a variety of information about secondary sales and other information at H.O. level.



Order Collection:

Every day morning DISHARI operator uploads the route/selection information in HHT as per route plan. DSR collects information/orders from trade through HHT on the basis of available goods in DMS. After returning back in distributor point DISHARI operator will entry all the sales in DMS through HHT.

Order Processing:

DISHARI operator processes all the order and generates delivery memo and chalan.

Order Correction and Delivery confirmation:

DISHARI operator is responsible to confirm only actual sales after delivery. She/he will collect the entire memo and confirm actual sales in DMS. Warehouse in charge has to validate the stock that has returned from market.

Reporting:

DISHARI operator send daily secondary sales report and weekly closing stock to Support DISHARI function after confirming all the sales activity and upload all the DISHARI invoice. ASE/ TO will ensure all reports sent to respective personnel in H.O. on time.

Trade Promotion and other activity:

All promotional activity will incorporate in DMS on the basis of distributor wise budget allocation/reallocation from category manager.

Market returns entry:

DSR is responsible for input of all the relevant information required to give entry into HHT on day to day basis. ASE/TO is accountable to validate the data of market return while raise the claim to company reimbursement.

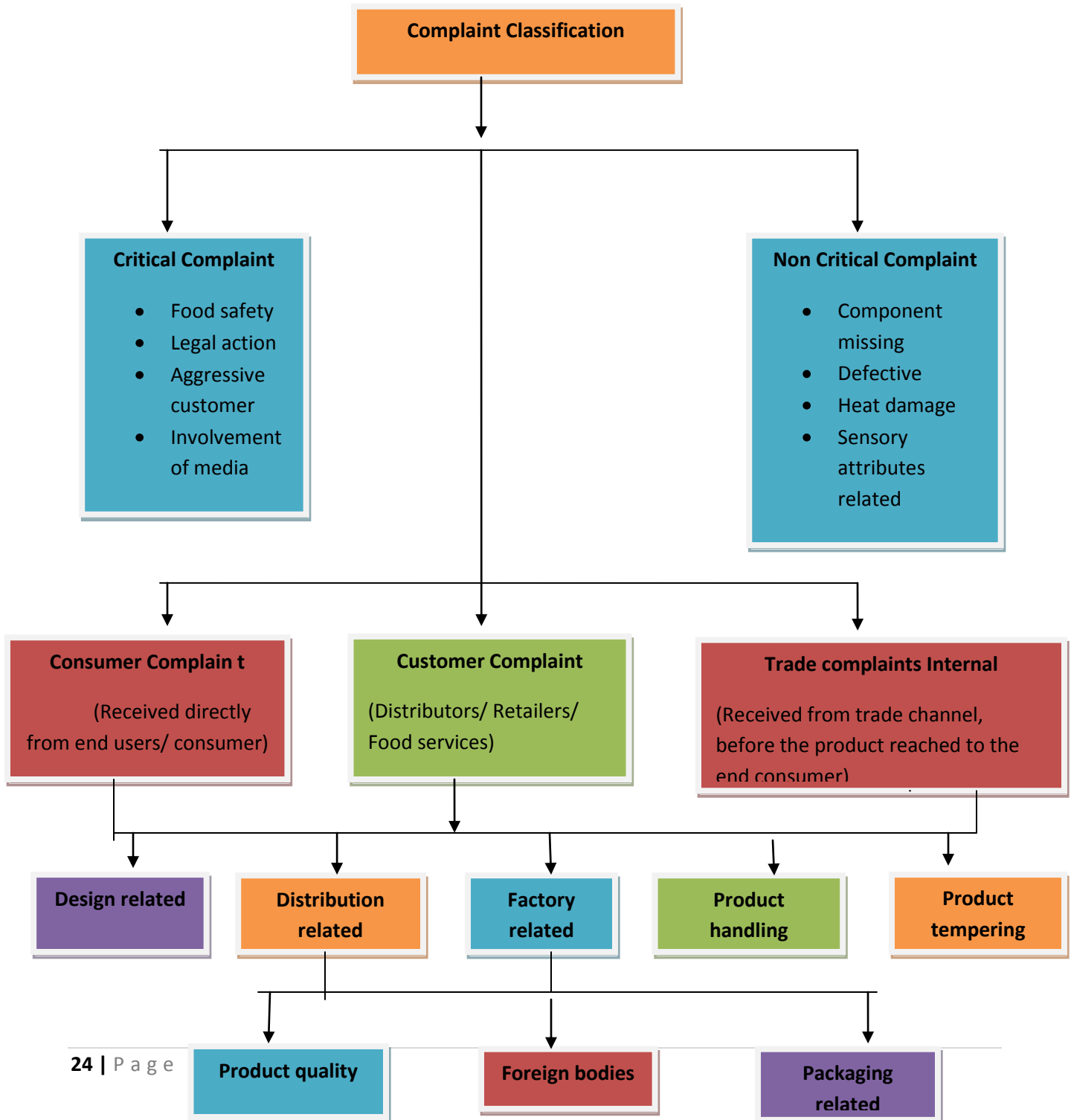
Consumer Complaint at trade:

Any consumer when complaining at trade, the trader request the consumer to lodge the complaint directly to Nestle Bangladesh Ltd. by calling to Care line number which is available at the back pack of the product. If they don't agree or when the office is closed, the trader keeps the complaint's contact details and passes it to the DSRs or merchandisers whenever they visit to the shop. The complaint sample collected by the repetitive TO/ ASE/ ANO/ANE and on the basis of consumer's request a replacement pack can be provided by the respective TO/ ASE/ ANO/ANE but only after the consumer is visited.

Consumer contact handling procedure:

Consumer contact handling is a sensitive area vis-à-vis investigation and providing a report that convince and satisfies the complaint, in the end.

Categorization of Complaints: All complaints received by consumer Services will be categorized as follows:



Distributors' Performance based Allowance:

Modern trade channel is most emerging channel in Bangladesh and considering the business growth opportunity, this channel to be given maximum focus in future for unleashing 100% potentials. For upcoming business requirement, Nestle Bangladesh requires exclusive distributor's for key accounts operations ensuring highest level of service orientation. At the same time, the nature of Modern trade business in Bangladesh is very much critical in term of credit and customer relationship management.

Purpose:

- To reward the distributors for achieving pre-set sales and distribution objective.
- To motivate the distributors for over performing business plan; thereby, helping business growth.
- To align with the best practice among the industry and develop the Modern Trade channel
- Managing the credit efficiently.

Procedure:

Target Setting: Every month, the KAM/Sr. Manager- Sales Operation set target for all distributors.

Performance allowance: To qualify for the performance based allowance, concern distributor must have to achieve at least 80% of their given target in each parameter of given target. At the end of the month, concern KAM evaluates the performance of the distributors and approves allowance up to maximum 2% on invoice value.

Responsibilities:

Role	Responsibility
Key Accounts Manager(KAM)	<ul style="list-style-type: none">• Setting and communicating the targets for the distributors and these will be given in a format at the beginning of each month. A copy to be sent to F&C by 10th of each month.
Distributor	<ul style="list-style-type: none">• After getting the target of the month, distributor will follow up end work on the target achieving strategy.• After getting the approval from the KAM, distributors will submit the claim to company each month.
F & C	<ul style="list-style-type: none">• After receiving the claim for distributors performance based allowance, F&C team will disburse the approved amount subject to have the proper documentation.

Merchandisers' policy

The core objectives of NBL merchandising policy are-

- To ensure proper merchandising at outlets according to Nestle Plano gram.
- Effective use of different POSM (Point of sales material) or POPE (Point of purchase equipment) solutions.
- Maintain the secondary display units at outlets at the highest possible visible area.
- Category development through effective merchandising as per NBL guidelines.
- Control Market return through ensuring FEFO (First Entry First Out) and freshness of product.

Merchandiser is a position, shall be responsible for assigned territory/route or for selective outlets to develop and maintain the Nestle products visibility and merchandising.

Working as distributor sales support staff, NBL will reimburse the salary. Merchandiser's core job is to work at market place or outlet on a regular basis to ensure the highest visibility of Nestle Brands as per Nestle guidelines.

Core Objective of Merchandiser:

- **Availability:** Ensure shopper can buy Nestle products where ever and whenever they shop.
- **Visibility:** The more shoppers see, the more they will buy.
- **Accessibility:** Display that is located in key traffic areas in stores that are easy to access and increase shopper awareness and impulse sales.

Merchandisers Nine Golden Rules (Store merchandising):

- Eye level display
- Block Display
- Layout wise display
- Hot spot display
- Up right and upfront display
- FEFO display
- Proper stock depth wise display
- Benchmarking display
- Proper maintenance of secondary units

Claim and Settlement procedure:

NBL distributors are responsible to provide the salary and other associated expenses for meeting the need of merchandising operation on monthly basis. Afterwards, distributor is

entitled to claim the total amount through the monthly claim with proper documentation and approval of respective territory personnel. The claim is made by distributor. The claim is checked, verified and approved by the respective ASE/ TO and RSM. After receiving the claim from distributors end, Nestle reimburse the claim to the respective distributor.

Agreement for Visibility Drive:

To promote new or existing product, Nestle make visibility agreement for a short period of time with the modern trade following some conditions. Here the 1st party, who is engaged in the business of distribution of consumer goods of Nestle Bangladesh Ltd., wants to display its consumer goods (Other than breast-milk substitute products covered under the Breast- Milk substitutes (Regulation of Marketing) Ordinance, 1984) under Visibility Drive agreement. And whereas the 2nd party engaged in the business of consumer goods through its super store, wants to let out its space to the 1st party for exclusive display of its Nestle branded consumer goods. The consideration for three months visibility drive where 2nd party will get a financial benefit for BDT 3000/ month during the agreement period and the 1st party will arrange such payment to 2nd within 10 working days of the following month subject to the compliance of applicable laws of Bangladesh. For example CSD Exclusive, This payment can be given for:

- Three shelves space rent for MAGGI Soup
Total height: 3 feet, Width: 1 feet 10 inch/shelf

Visibility:

- CSD Exclusive shop shall allow RTM to ensure block display in category shelf of respective categories.

- RTM shall put shelf Talker/ Stripe/ wobblers on the category shelf during its consumer promotion/ promotional activity/new product launch etc with prior constant from CSD Exclusive shop.

Availability:

- CSD Exclusive shop maintains 15 days stock cover days of all SKUs (Stock keeping units) of Nestle Bangladesh to avoid out of stock situation at outlets.
- CSD Exclusive shop raises weekly purchase order, and RTM ensures delivery to CSD Exclusive shop DC as per product availability.

Agreement of Join Business plan (JBP)

JBP is an agreement whereas both parties (Nestle modern trade distributors and any other modern trader) wants to have a join business plan with the objective for selling of consumer goods of Nestle Bangladesh other than breast-milk substitute products or complimentary foods or any other products covered under Breast-Milk Substitutes, Baby food and commercially produced supplemental food for children and instruments to use them. Nestle have a Joint Business Plan (JBP) with Agora, CSD Exclusive and CSD Super Store where Nestle gives a JBP target to them and they have to achieve at least 92% for Agora, 95% for CSD Exclusive and 96% for CSD Super Store and based on that those Modern Trades will get a commission. If any party wants to terminate this agreement before the normal expiry, it shall serve 1 month prior written notice to the other.

Here, those super stores will provide quarterly sales forecast to RTM/ORGANIX and RTM/ ORGANIX will maintain availability of stock for example CSD Exclusive Shop to achieve the purchase target. If CSD exclusive shop achieves < 95% of the target they will not get any amount at that particular month.

Agora (April'15)

Product Group	JBP Target (100%)	92%	Achievement	Rest (100%)	Rest (92%)
NIDO Fortified	1,236,372	1,137,462		1,236,372	1,137,462
NESCAFE	468,438	430,963	125220	343,218	305,743
MAGGI (Noodles, Soup & Seasoning)	1,417,180	1,303,806	541,476	875,704	762,330
BFC	622,721	572,903	84,600	538,121	488,303
COFFEE-Mate	271,922	250,168		271,922	250,168
Confectionary	42,250	38,870		42,250	38,870
Total	4,058,883	3,734,172	751,296	3,307,587	2,982,876

CSD Exclusive(April'15)

Product Group	JBP Target	95%	Achievement	Rest (100%)	Rest (95%)
NIDO Fortified	275,580	261,801		275,580	261,801
NESCAFE	87,858	83,465		87,858	83,465
MAGGI (Noodles, Soup & Seasoning)	682,833	648,691	282,250.00	400,583	366,441
BFC	207,414	197,043		207,414	197,043
COFFEE-Mate	14,590	13,861		14,590	13,861
Confectionary	26,000	24,700		26,000	24,700
Total	1,294,275	1,229,561	282,250	1,012,025	947,311

Nestle and Competitors' activity in Modern trade:

Nestle (Month of April, 2015)

To delight the consumers Nestle has given three promotional offers in April, 2015. For example Nestle offered a color pencil box with NIDO fortified (350gm); bowl free with purchasing two MAGGY soups and a transformer toy free with 330gm Koko crunch.

Competitor's Activity (Category wise happiness):

Dairy:

- PRAN offered 1 spoon free with PRAN Full Cream Milk Powder Poly Pack (500gm).
- Newzealand Dairy has given a glass free with Anchor full cream Milk powder poly pack (500gm) and 1 bowl free at 350gm pack.
- Meghna Group has given a promotion on Fresh full cream milk powder where consumer will get 400gm with discounted price 208TK which price was 219TK and 500gm with 260TK instead of 275 TK.
- Arla groups present Dano full cream milk powder where consumer will get 40Tk off with 400gm Dano Polly pack and 70Tk off with 500gm and 1kg Dano Poly pack.
- Abul Khayer group offered a bowl free with 400gm Marks full cream milk powder.

Culinary (Noodles, Soups):

- Uniliver Bangladesh Limited has given one Bowl freed with 4packs Knor 112gm Classic Thai Soup

- PRAN Group offered spoons and Tiffin Boxes with Mr. Noodle's different flavors. For example by purchasing 5 packs (310gm) Mr. Noodles with Spicy and tomato flavor, vegetable flavor and beef flavor consumer will get 1 spoon free, and for magic Masala they will get one kitchen box free. Consumer will also get Motu patlu Tiffin box with 8 packs Magic Masala (496gm).

Nestle Activity (Month of May, 2015)

As Nestle faced severe competition in trade due to consumer promotion, display program offered by competitors, Nestle has started two promotional offers in May, 2015. Consumer promotion was based on a free bowl with MAGGI Instant Noodles (248gm & 496gm) and also consumer promotion on NESTLE KOKO KRUNCH like every purchases of 330gm KOKO KRUNCH, consumer will receive 80g KOKO KRUNCH free.

Competitor's Activity (Category wise happiness)

Dairy:

- New Zealand Dairy has given a Mug free with Anchor full cream Milk powder (350gm).
- Partex Group has offered a Tiffin box free with Danish Full cream milk powder (400gm).
- Meghna Group has given a promotion on Dairy product where consumer will get 100gm Fresh sugar free with 400gm Fresh Full cream milk powder.
- Abul Khayer group arranged a lottery system with 400gm Marks full cream milk powder, where customers have got Hotpots, Tiffin boxes, Pencil boxes, Color Pencil etc.

Culinary (Noodles, Soups):

- Unilever Bangladesh Limited has continued their promotion like one Bowl freed with 4packs Knor 112gm Classic Thai Soup.
- PRAN Group has also carried on their offer like spoons and Tiffin Boxes free with Mr. Noodle's different flavors.

Others:

- Shezan Corporation has made some changes of their previous months offer on Corn Flakes (150gm). Now they are offering a Bowl free with Shezan Corn Flakes in terms of a Toy.



Chapter-4

ANALYSIS OF SALES GROWTH RATE AND FORWARD STOCK SHARE

Sales Growth Rate (1st Jan to 31th March 2014 between 1st Jan to 31th March 2015)

RTM Sales Growth:

Food & Beverage

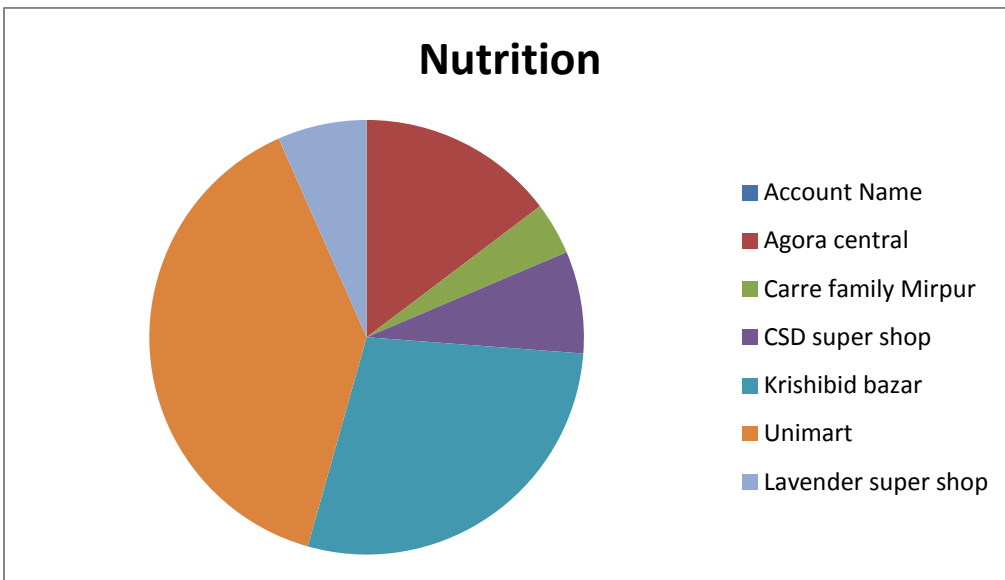
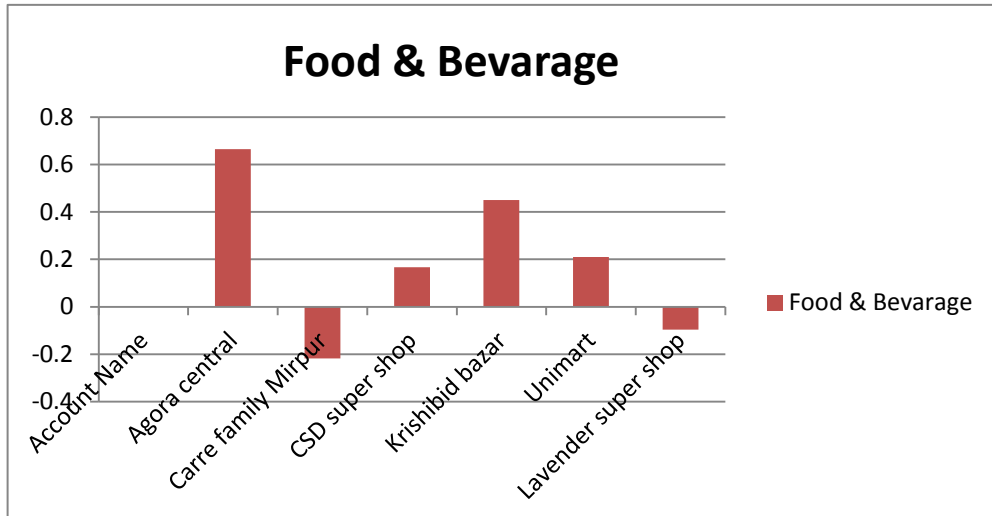
Category	Sales 2014	Sales 2015	Growth (%)
Dairy (NIDO Fortified)	6,550,957.60	6856915	4.67%
BFC	4,612,315.24	5011799	8.66%
Nescafe	2,634,569.64	3260246	23.75%
Coffee –Mate	1,707,037.73	1769218	3.64%
Shad e Magic	173187	228082.5	31.70%
Maggi Noodles	6,641,797.56	6099545.75	-8.16%
Soup	1,739,712.00	2370528	36.26%
Confectionary	307,923.00	404460	31.35%
Total of F&B	24,367,928.77	26,000,794.25	6.70%

Nutrition

Category	Sales 2014	Sales 2015	Growth (%)
Lactogen	4935037.27	4449494.87	-9.84%
Cerelac	4283346.87	4000678	-6.60%
Others	3585232.9	3885552	8.38%
Total Nutrition	12803617.04	12335724.87	-3.65%

Comparative view:

	Nutrition	Food & Beverage
Account Name	Growth rate (%)	Growth Rate (%)
Agora central	28.45%	66.42%
Carre family Mirpur	-7.54%	-21.85%
CSD super shop	14.70%	16.68%
Krishibid bazaar	54.52%	44.96%
Unimart	75.47%	20.93%
Lavender super shop	-12.83%	-9.59%



FSS (Forward Stock Share):

It is calculated by percentage of Nestle category facing divided by percentage of Total category facing. Through which it is clearly understand the visibility of Nestle products in comparison to competitor's products.

$$\text{FSS} = \text{Nestle category facing} / \text{Total category facing} * 100$$

Example:

CSD	Category	Central	Exclusive	C store
	FCMP	9%	16%	17%
	Growing up milk	57%	69%	100%
	Non Dairy creamer	80%	100%	71%
	Instant Soluble Coffees	64%	83%	50%
	Coffee Mix	64%	100%	100%
	Maggi Soups	50%	48%	60%
	Maggi Noodles	43%	21%	20%
	Infant Milk Formula	85%	49%	75%
	Infant Cereals	50%	76%	31%
	Infant Speciality	100%	100%	100%
	Breakfast Cereal	35%	21%	52%
	Confectionary	3%	2%	1%



Chapter-5

SURVEY OF CUSTOMER ACCEPTANCE

Customer Acceptance of Nestle Products:

The Customers are in the mainstream of sales oriented services. The success of such companies largely depends on the satisfaction of the customers. If their requirements do not meet the expectations the buyers become discontented, they are delighted when the performance fulfils their requirements.

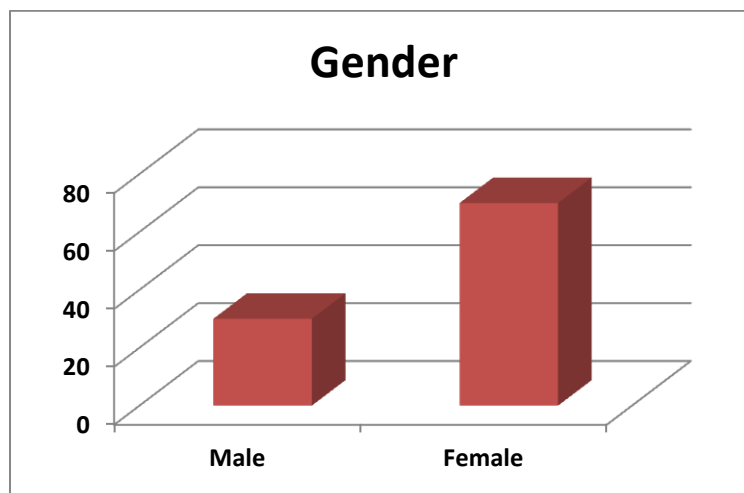
Survey:

I have conducted a survey by selecting 8 outlets (Agora Moghbazar, Agora Pallobi, Agora Japan Garden city, Unimart, Levendar, CSD central, Carre Family, and CSD Exclusive) to visualize the product acceptance and satisfaction level of the customers. The success or failure of the product portfolio depends on the acceptance level of the customer.

Demographic data analysis:

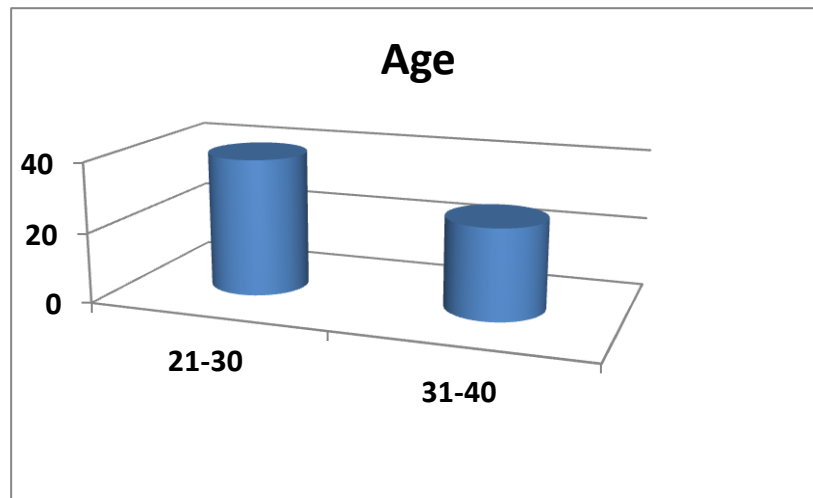
Gender:

Out of 100 respondents there were 30 male and 70 female.



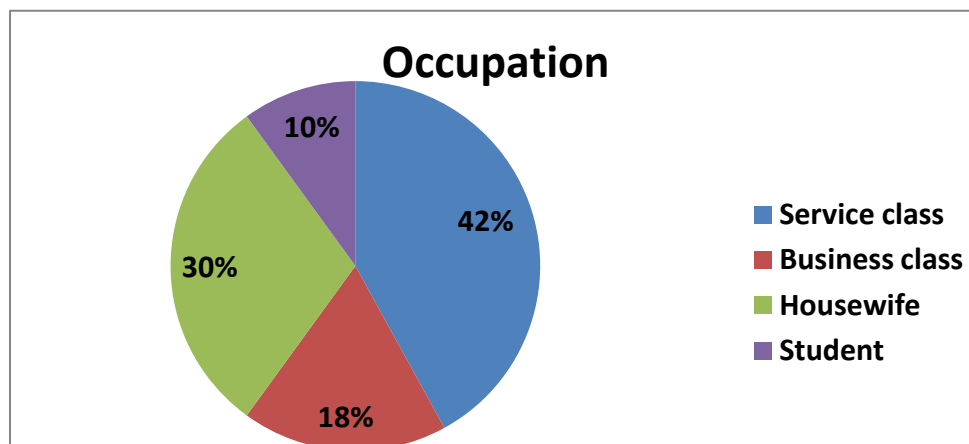
Age:

From the analysis it has been observed that most of the (39.20%) respondents are from the age group of 21-30years. The second highest (25.80%) age groups of total respondent are 31-40 years.



Occupation:

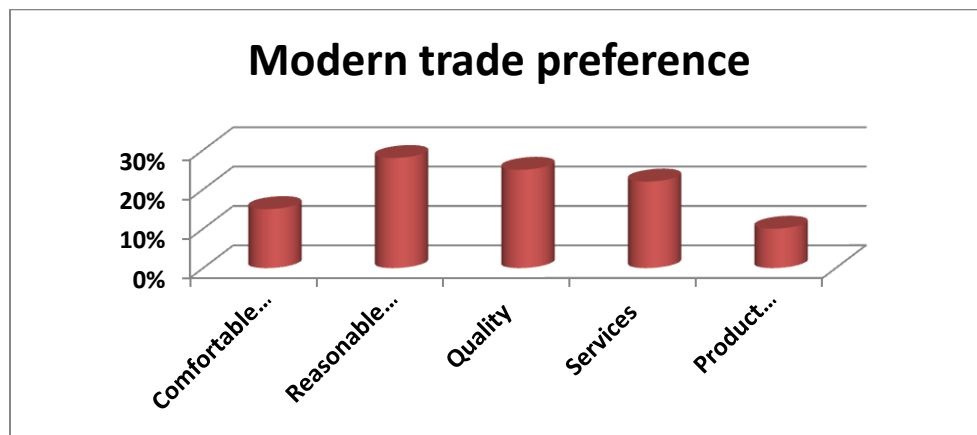
From the survey I have seen that out of 100, 42 respondent falls under service class, 18 respondent falls under the segment of business whereas 30 respondent customers are housewife. Another 10 falls under the category of student.



1. Why do you prefer modern trade for purchasing products?

- Comfortable environment
- Reasonable price
- Good Quality
- Better Services
- Product availability

Comfortable environment	15%
Reasonable price	28%
Quality	25%
Services	22%
Product availability	10%

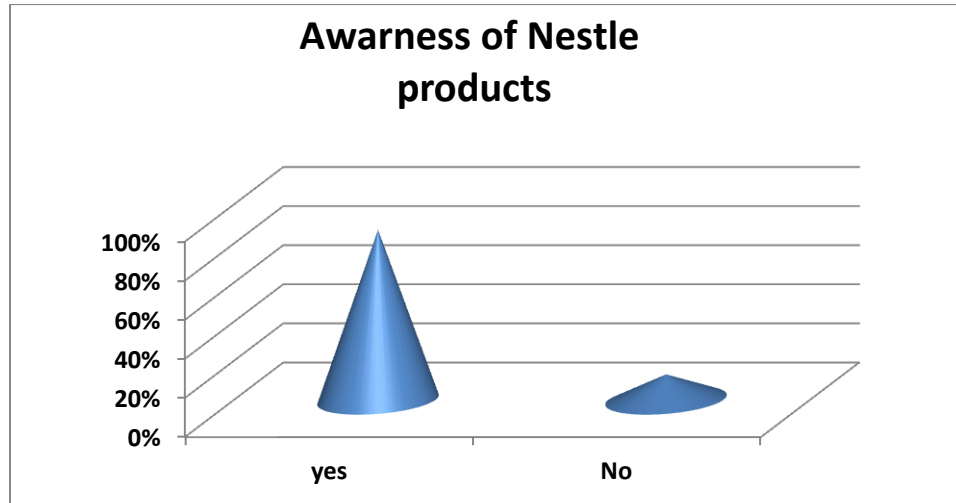


Interpretation: To purchase products from super shop different people's preference is different. Here, most of the consumer buys products from super shop because they get reasonable price with best quality products within a comfortable environment. As well as get Trolley to keep products and also get help from the sales person to find out the products.

2. Do you know all categories of products offered by Nestle Bangladesh?

- Yes
- No

Yes	87%
No	13%

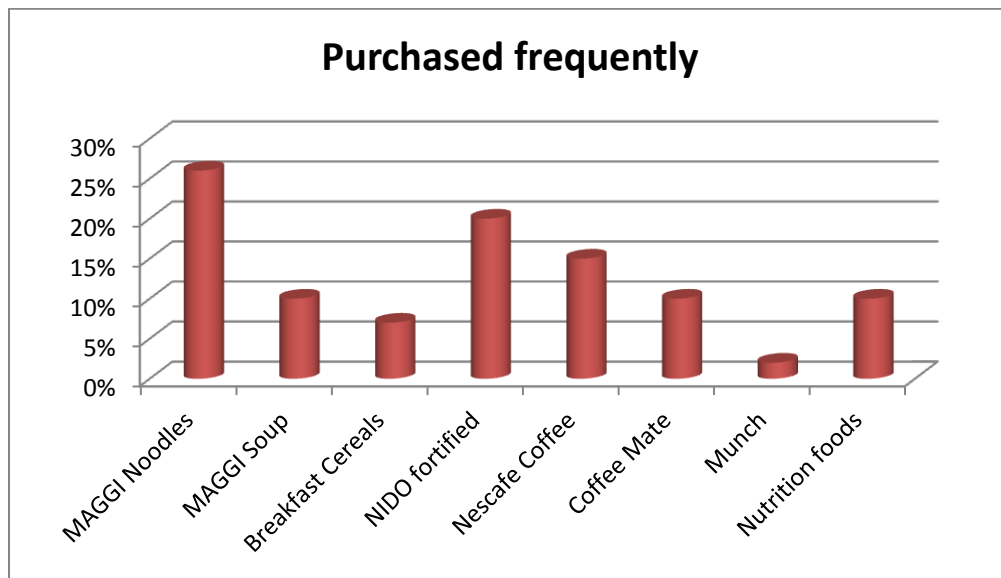


Interpretation: From the survey it is found that 13% of the consumer knows about Nestle but they don't know what categories of products Nestle Bangladesh offered in market.

3. Among all products of Nestle Bangladesh which product do you buy frequently?

- MAGGI Noodles
- MGGI Soup
- Breakfast Cereals
- NIDO fortified
- Nescafe Coffee
- Coffee Mate
- Munch
- Nutrition foods

MAGGI Noodles	26%
MAGGI Soup	10%
Breakfast Cereals	7%
NIDO fortified	20%
Nescafe Coffee	15%
Coffee Mate	10%
Munch	2%
Nutrition foods	10%

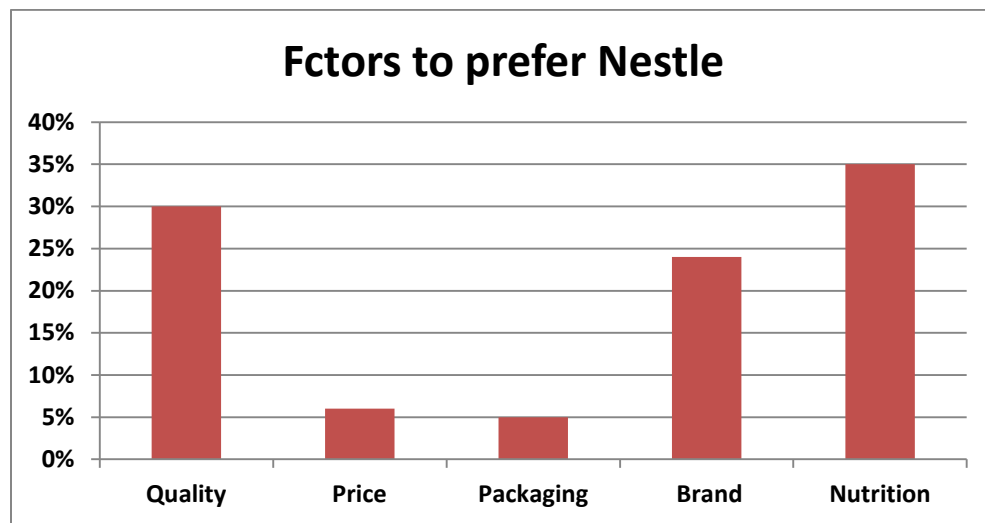


Interpretation: Among all the categories most of the people frequently purchased MAGGI Noodles, NIDO and NESCAFE. Especially for children parents like to purchase Nestle nutrition products like LACTOZEN, CERELAC etc. But Confectionary like Munch is so popular like other products of Nestle.

4. Factor you prefer for buying Nestle Products

- Quality
- Price
- Packaging
- Brand
- Nutrition

Quality	30%
Price	6%
Packaging	5%
Brand	24%
Nutrition	35%

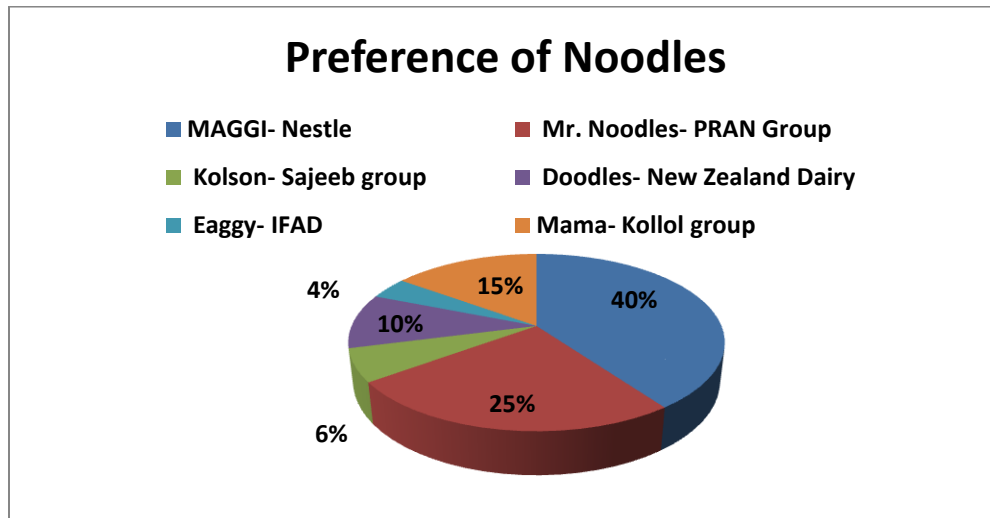


Interpretation: Here besides the quality and nutrition of the products, consumers prefer Nestle because of its popular brand name. Loyal consumers don't bother about the price and fewer consumers are concern about packaging of Nestle.

5. Which company noodles you prefer the most

- MAGGI- Nestle
- Mr. Noodles- PRAN Group
- Kolson- Sajeeb group
- Doodles- New Zealand Dairy
- Eaggy- IFAD
- Mama-Kollol

MAGGI- Nestle	40%
Mr. Noodles- PRAN	25%
Kolson- Sajeeb	6%
Doodles- New Zealand Dairy	10%
Eaggy- IFAD	4%
Mama- Kollol group	15%

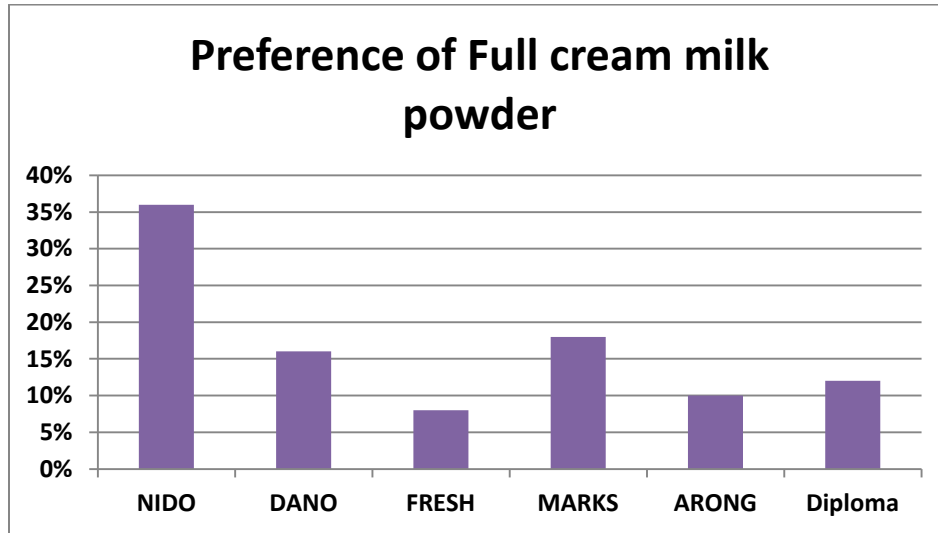


Interpretation: Among the Culinary categories, 40% customers prefer MAGGI because of its taste. Since Mr. Noodles is offering attractive Tiffin boxes with their Noodles, now a day’s people prefer that. People like MAMA noodles because of its spicy flavors. KOLSON and EAGGY noodles are not so popular.

6. While purchasing full cream Milk powder, what you prefer –

- NIDO
- DANO
- FRESH
- MARKS
- ARONG
- Diploma

NIDO	36%
DANO	16%
FRESH	8%
MARKS	18%
ARONG	10%
Diploma	12%

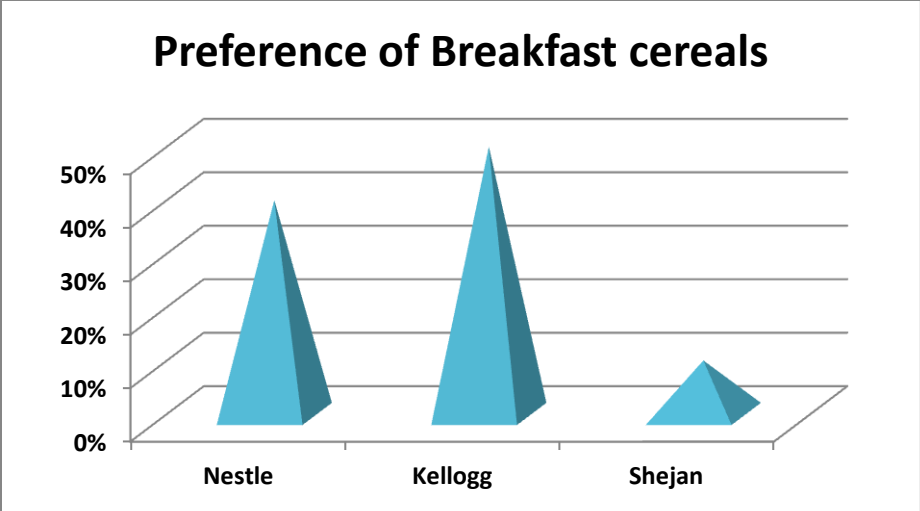


Interpretation: In terms of full cream milk powder most of the consumers especially children like NIDO; others also prefer Marks, DANO. But less number of consumers uses ARONG and Fresh for their daily needs.

7. In terms of Breakfast cereals, which company you like the most-

- Nestle
- Kellogg
- Shejan

Nestle	40%
Kellogg	50%
Shejan	10%

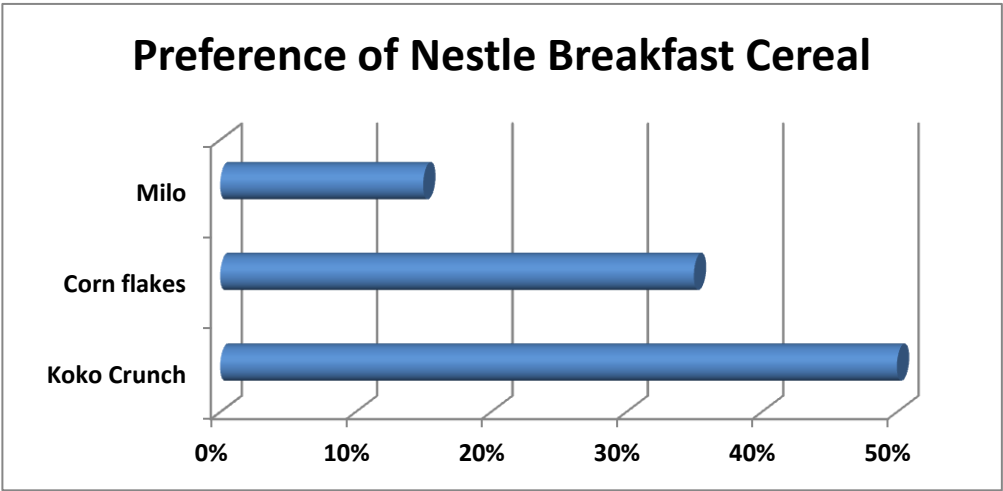


Interpretation: Among all breakfast cereals, Kellogg’s breakfast cereals are more popular than Nestle because of their different flavor, size and packaging. SHEZAN is not so popular like others.

8. Among breakfast cereals of Nestle Bangladesh, what you favor-

- Koko Crunch
- Corn flakes
- Milo

Koko Crunch	50%
Corn flakes	35%
Milo	15%

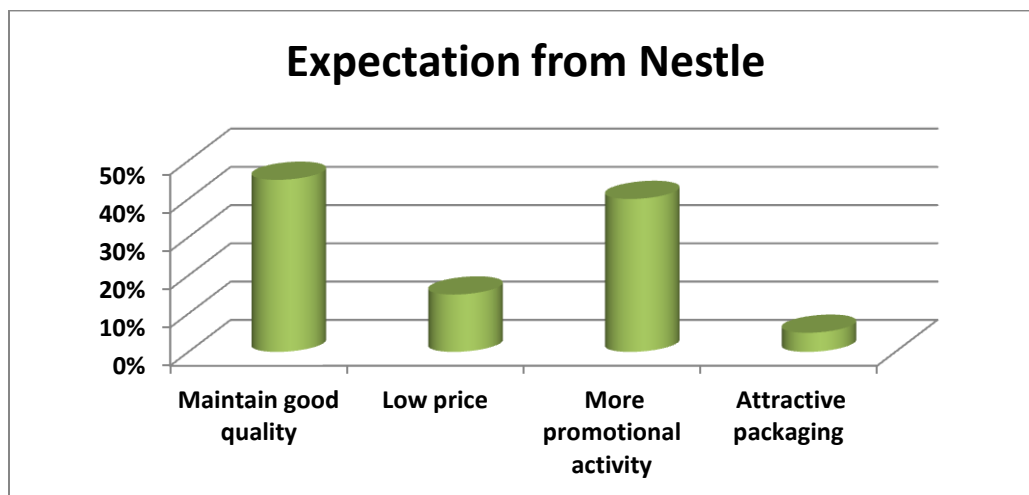


Interpretation: Among the Nestle Breakfast cereals, a big portion only uses Koko Crunch, Others uses Cornflakes and Milo.

9. What you expect from Nestle-

- Maintain good quality
- Low price
- More promotional activity
- Attractive packaging

Maintain good quality	45%
Low price	15%
More promotional activity	40%
Attractive packaging	5%

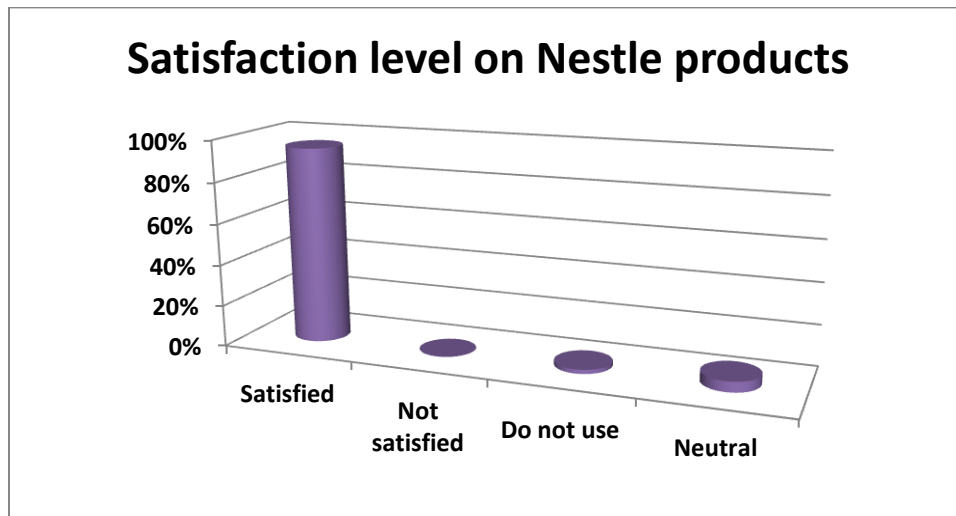


Interpretation: Here besides the good quality, customer also expects from Nestle that they should offer more consumer promotion that will make them happier.

10. Are you satisfied with Nestle products?

- Satisfied
- Not satisfied
- Do not use
- Neutral

Satisfied	95%
Not satisfied	0%
Do not use	2%
Neutral	5%

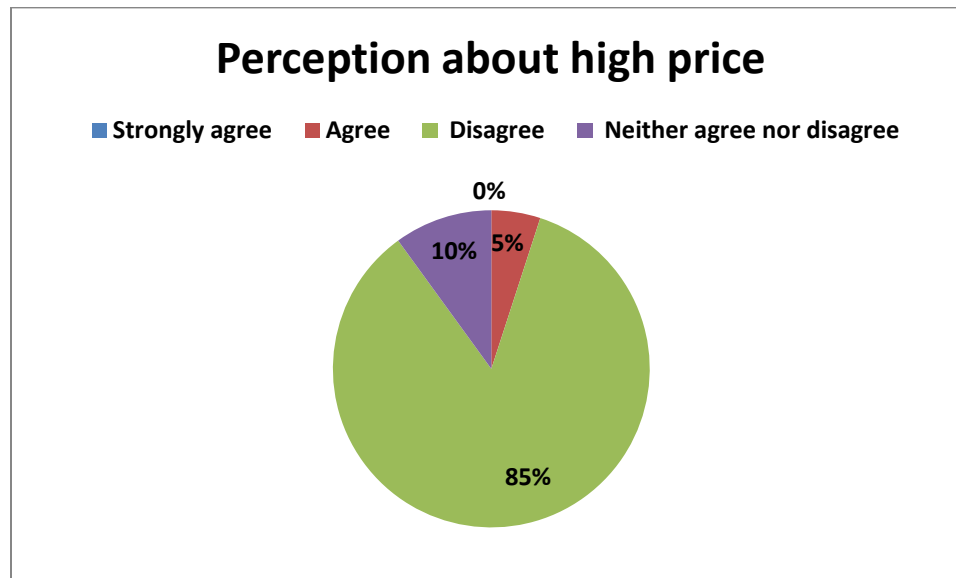


Interpretation: Here I have got a good positive response regarding the satisfaction level of Nestle Products. More than 90% of customers are satisfied with Nestle products.

11. Price of Nestle products is relatively high-

- Strongly agree
- Agree
- Disagree
- Neither agree nor disagree

Strongly agree	0%
Agree	5%
Disagree	85%
Neither agree nor disagree	10%



Interpretation: Here, 85% concerned customers strongly said as quality is good price is not too high of Nestle in comparison to other competitors.



Chapter-6

FINDINGS, RECOMMENDATION AND CONCLUSION

Findings

- 1. Expansion of competitor's product line:** Day by day competitors of Nestle are coming to the market with different sizes, flavors and packages. In modern trade, modern trader wants to keep visible of all company's entire SKU product on their category shelf. To give facing all SKUs of other products, sometimes Nestle did not get facing more than one of all SKUs of that category and face problem to increase visibility.
- 2. Product unavailability at DC (Distribution Center):** Sometimes products were not available at DC of Nestle, so that they did not deliver products to modern trade as per order and proper time. Because of out of stock products at trades, Nestle lose its sales.
- 3. Raising competitor's promotional activity:** Recently Nestle competitors are becoming more active with different promotional activities in modern trade. They are renting a Gondola, keeping a promoter, dangler etc. to attract more customers.
- 4. Presence of gray product in modern trade:** In modern trade, many people have the capability to buy exported product and traders are responsible for grabbing the market by the Gray products. Sometimes it creates problem for Nestle distributor to sell their products.
- 5. Concern on CP less than TP:** Nestle modern trade distributors execute different agreement like visibility drive, joint business plan but did not get any trade promotion to the traders. They only provide consumer promotion to delight the customers and to compete with the competitors in modern trade.

6. **Payment collection problem:** Some modern traders take product from Nestle distributor with credit, but did not able to pay in proper time. Someone misuse the credit facility and at last Nestle distributors have to stop the delivery of products to that trades.
7. **Less presence of Munch and Shad e magic:** Still now Munch Rollz is not so popular than the other chocolates at modern trade though it is extremely cheap and according to consumers, taste good, people still prefer Kitkat even though it's priced higher. And most of the people don't know about the use of Shad e magic.

Recommendation

1. **Expansion of product line:** The consumers are always looking for something different. The main competition Nestlé Bangladesh is facing in modern trade, in terms of Culinary and Breakfast cereals. Nestle can introduce cup noodles with reasonable price which is popular in modern trade. Also can bring different flavor of Noodles, soups and breakfast cereals to compete with competitors.
2. **Product availability:** Nestle should make all SKUs of product available at DC always, so that they can deliver products to the trade or trader's warehouse as per order and make available and visible in the trades. It also increase the customer satisfaction as well as traders demand.
3. **More promotional activity:** As market is so competitive, Nestle should offer their best and unique promotion to the consumer for a specific period of time. In this case

they can take promoters, who will be responsible to promote Nestle products as well as will be taken more customer feedback.

4. Minimize the impact of Gray market: To handle the Gray market, Nestle should convince the traders so that they can assist the customers to purchase the local one. Here, Nestle can give them trade promotions, incentives, can ensure proper & timely delivery and should maintain a good relationship with the traders to increase sales volume.

5. Campaign about munch & visibility of Shad e magic: Since MUNCH's presence is less than the other chocolates in Modern trade, Nestle can make a campaign on MUNCH in different schools. Besides that many consumers are still unaware about the use & taste of Shad e Magic, it needs to be placed in a visible area in modern trade and should advertise more on Television through different Cooking Program.

Conclusion

Nestlé Bangladesh Ltd. is a strongly positioned organization. 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. People feel respect in their mind when they think about Nestle products. Nestlé believes all foods and beverages can be enjoyable and play an important role in a balanced and healthy lifestyle, so that it always makes sure the same quality in compare to the other countries. Finally it can be said that Nestle Bangladesh is using and developing their Modern trade strategy perfectly. By using valuable marketing tools they are creating competitive advantage for themselves which ultimately helping them to reach their market as well as organizational objectives.

References

1. www.nestle.com
2. Nestle corporate Business Principles 2010
3. Nestle Sales guideline Report 2012
4. Nestle DISHARI
5. Nestle Agreement Policy 2014
6. Nestle Merchandising Development Report