



INTERNSHIP REPORT

ON

Understanding the Potential of Maggi Soups among
Low Income People in Dhaka City

Submitted To:

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Letter of Transmittal

April 19, 2017

To
Shamim Ehsanul Haque
Lecturer
BRAC Business School,
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Subject: Submission of Internship Report for the Completion of BUS400.

Dear Sir,

BRAC Business School provides opportunity for every final year student to do internship in a business organization and to submit a report about their 3 months' of work experience in that organization for the purpose of the completion of their graduation. The following internship report has been completed keeping BRAC Business School's BBA program requirements in mind. With due respect, I am submitting my internship report on "Understanding Low Income Consumers' Attitude towards Maggi Soups in Dhaka City" which has been made ready to meet the desired conditions of BUS400 course.

Nestlé Bangladesh Limited offers a yearlong internship program of which I have completed three months so far. The atmosphere inside Nestle Bangladesh Limited has helped me to acquire different skills and knowledge, plus a good network of people. By working here, I have gained the first-hand knowledge about the inner setup of a multinational company. While making the report, I made sure that I strictly maintain the guidelines from BRAC University and use genuine contents to support my report. I have confidence that my report will at least give you a brief picture about the works that I have done in Nestle Bangladesh as an intern and the valuable experiences that have added to my acquaintance as a BBA graduate.

Yours Sincerely,

Ashfaqur Rahman Shemanto
ID: 13104117
BRAC Business School,
BRAC University

Acknowledgement

At the outset, I would express my deepest respect to Almighty Allah for his blessings to help me reach this far and for giving me the prospect to work in one of the finest multinationals in the world. I would like to convey heartfelt appreciation to every single person who has managed time to assist me in the preparation of this internship report. I wish to thank them for their care, supervision and confidence in my every step.

I would also like to show my heartiest gratitude towards Mr. Shamim Ehsanul Haque, Lecturer, BRAC Business School, for his support, inspiration and guidance during the period of my internship. This report has been prepared and presented to him for the consideration of assessment and final evaluation for BUS400 course.

I want to express my indebtedness to Mr. Hasan Sajib, Manager, Maggi Culinary, Channel Sales Development, Nestlé Bangladesh Limited; under whose supervision I have done my internship. I am grateful for his in-depth knowledge, which has helped me to prepare myself as a professional and his backing in making my time at Nestlé worthwhile. Besides, careful co-ordination from my line manager helped me complete this report by using certain primary data, non-confidential data to support my report. His confidence in putting me to challenging tasks actually helped me for out-of-the-box thinking and motivated me by showing his thankfulness for all tasks successfully completed. I am extremely grateful to my department where I have worked. Simultaneously, I thank my co-team members of Nestlé Bangladesh Limited who shared their own insights which have enriched my report and helped me to adjust my thinking with the fast changing business world.

To finish, my heartfelt admiration is towards BRAC University which is the main reason I am standing on the edge of stepping into the world as a Bachelors' Degree holder in Business.

Executive Summary

Headquartered in Vevey, Vaud, Switzerland, Nestlé S.A. is a Swiss transnational food and beverage company and it holds the number one rank as the largest food company in the world and ranked 72 on the Fortune Global 500 in 2014.

I joined Nestle Bangladesh Ltd. in Sales department as an intern. In my three months' stay at Nestlé Bangladesh Limited I have worked into different projects. Among these projects I will be enlightening on **“Understanding the Potential of Maggi Soups among Low Income People in Dhaka City”**- this was undertaken to gain better insights about the consumers' landscape, earnings, family size, spending on food, shopping pattern and the purchase points, which aids in clarifying business gaps and opportunities, locate the drivers of the current business growth, plus, develop potential strategic innovations for longer terms.

To execute the project, at first, six regions were created dividing Dhaka City and each of those was visited and explored. The drive was to identify the areas where the target consumers of Maggi Soups live. 47 clusters were identified which provide a rounded picture of consumer landscape and buying points.

Second stage initiated to better understand their buying behaviour. 44 in-home interviews were conducted, one from each of the identified clusters. These in-home interviews provided vital info regarding consumers, such as- their life style, consumption pattern, expenditure on food, shopping pattern, foods they consume etc.

The collected information were then analysed thoroughly to make recommendations based upon the findings and observations. A marketing mix (product, price, place and promotion) then emerged from those recommendations drawn for Maggi Soups in Bangladesh. The projected recommendations will help to grasp the needs of the consumers and how value addition can be achieved by Maggi in their prevailing need gaps.



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Introduction

I started my tenure as an intern at Nestlé Bangladesh Limited on 1st of January, 2017. The recruitment process involved an interview and a written test. As I got major in both Marketing and Finance, I was offered an internship position in Sales in the organization.

In my internship report, I have tried to include and describe most of the aspects as an intern in Nestle Bangladesh Ltd, such as- the tasks I performed and the new lessons that I learnt from their corporate setup; in addition, the couple of surveys that I conducted according to different projects' needs.

The Organization

History

Nestlé with headquarters in Vevey, Switzerland is the world's leading nutrition, health and wellness company. The Nestlé story began when the company became known with the first milk based foods for babies. Today Nestlé is the world's largest food company, employing around 335, 000 people at 436 factories in 85 Countries and operating in 189 countries in the world. Nestlé has divided its world-wide operations into three zones:

- i) Europe
 - Regions (Adriatic, Benelux, Iberian and Russia + Eurasia)
- ii) Americas
 - 4 Regions (Austral-America, Bolivarian, Caribbean and Central America.
- iii) AOA
 - 3 Regions (Asia, Africa and Oceania)

From 1866 to 1905: Nestlé company emerged from Henri Nestlé's initiatives for finding a healthy, economic alternative to breastfeeding. Henri Nestlé, pharmacist, began experimenting with different combinations of cow milk. The definitive goal was to put stop to the problem of infant mortality due to malnutrition. The new product, Farine Lactée by name, quickly gained popularity, as Nestlé's new formula started to fulfil the purpose. In August, 1867 Charles and George Page, two brothers from Lee County, Illinois, USA, established the Anglo-Swiss Condensed Milk Company in Cham.



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In 1877, Anglo-Swiss Company started producing milk-based baby foods; while the year following, Nestlé Company added condensed milk to their production line. So the two firms became direct rivals. Although Henri Nestlé retired in 1875, the company under new ownership kept the name as Farine Lactée.

From 1905 to 1918: Both the rival companies merged in 1905 and the newly formed entity was called ‘Nestlé and Anglo-Swiss Milk Company’. Most production facilities remained in Europe, however; the outbreak of World War I brought severe commotions which made procuring raw materials and distributing products increasingly difficult. Simultaneously, the war created great demand of dairy products for army rations and by war's end, the company had built 40 factories, and its production had more than doubled worldwide since 1914. Furthermore, chocolate was added to Nestlé's range of food products and exports of Condensed-milk increased rapidly as the company replaced sales agents with local subsidiary companies. In 1907, the Company began full-scale manufacturing in Australia.

From 1918 to 1938: The end of WWI brought a crisis period for Nestlé. Price of raw materials shot high up- post war global economic slowdown and falling exchange rates made the situation complicated. In 1921, Nestlé registered its first loss. Louis Dapples was brought to deal with the situation. He rationalized operations, reduced company's outstanding debt to improve the financial condition. Besides, production of chocolates was Nestlé's first expansion beyond its traditional product line. Brazilian Coffee Institute was first to approach Nestlé in 1930 to reduce Brazil's large coffee surplus- after eight years of research Nestlé came with Nescafé which became an instant success.

From 1938 to 1944: During World War II Nestlé's profits dropped from \$20 million in 1938 to \$6 million in 1939. And so, to deal with war time problems in Europe and Asia, factories were put up in developing nations; mostly in Latin America. As the end of the WWII approached, Nestlé unexpectedly found itself heading up a worldwide coffee concern, as well a company built upon Nestlé's more traditional businesses.

From 1944 to 1975: Nestlé's growth between 1944 and 1975 was significant as many new products were added and other companies were acquired. Nestlé merged with Alimentana S.A in 1947 and purchase of Findus frozen foods occurred in 1960.



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Libby's fruit juices joined the group in 1971 followed by Stouffer's frozen foods in 1973 and in 1974 Nestlé became a major shareholder in L'Oréal, one of the world's leading makers of cosmetics. The company's total sales doubled in the 15 years after World War II.

From 1975 to 1981: In 1920s world saw rise of oil price, declining growth in the industrialized countries and unsteady political state worldwide. Price of coffee bean and cocoa tripled in 1975 and 1977. To balance the situation, Nestlé started secondary venture outside the food industry through acquiring US based pharmaceutical and ophthalmic product producer Alcon Laboratories Inc.; this move increased competition and shrink the profit margins.

From 1981 to 1995: Strategic acquisitions and development of financial condition through internal adjustments were the two important moves in this period. Thus, between 1980 and 1984, diversification of several non-strategic or unprofitable businesses took place. In 1984 Nestlé acquired USA food giant Carnation and became one of the largest company in the history of the food industry.

From 1996 to 2002: Central and Eastern Europe along with China's liberalization towards FDI was good news for Nestlé. In July 2000, Nestlé launched a Group-wide initiative called GLOBE (Global Business Excellence) aimed to simplifying business process. Two more acquisitions took place in this period.

From 2003 to 2009: With the acquisition of 'Möve n' pick' Ice Cream, Jenny Craig and Uncle Toby's enhanced Nestlé's positioned itself as one of the world market leaders in the super premium category. Novartis Medical Nutrition, Gerber and Henniez joined the company in 2007. Plus, Pierre Marcolini, a Belgian chocolatier, entered into a strategic alliance with Nestlé at the end of 2009.

2010 to onwards: In mid-2010 Nestlé finalized the sale of Alcon to Novartis and bought Kraft's frozen pizza business. Another important move in this period is launch of 'Special Tea Machine' system and the completion of the CHF 25 billion share buyback program.



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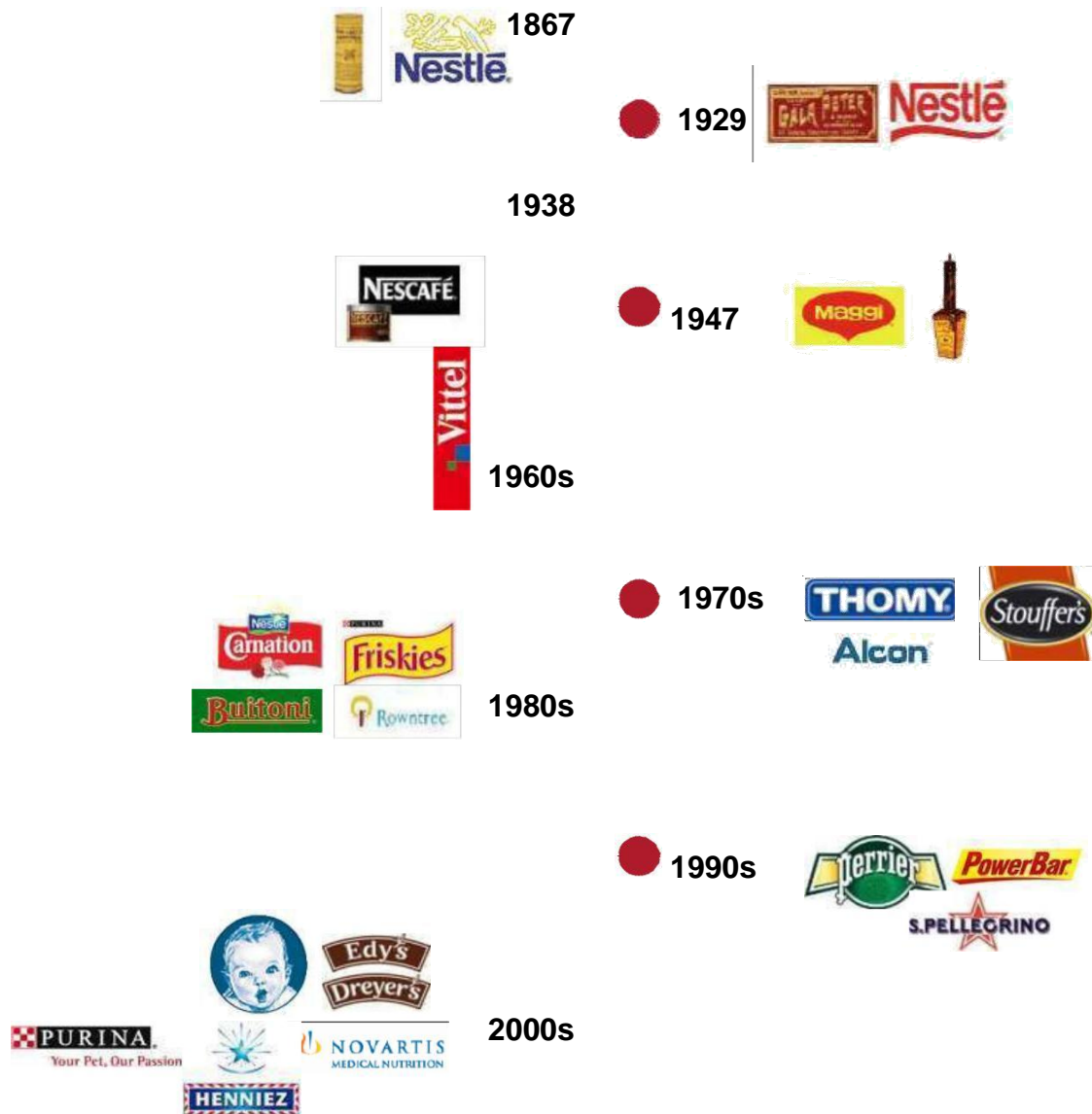


Figure 1: Chronicles of Nestlé

Nestlé management decided to diversify outside the food industry- in 1974, the company became a major shareholder of one of the world's leading makers of cosmetics- L'Oreal. This diversification endeavour brought radical deterioration of financial condition. Nestlé's rapid growth in the developing world saw a partial deceleration in its traditional markets. However, it also faced the risks of unsteady political and economic conditions. To address the situation, Nestlé made its second venture by acquiring Alcon Laboratories Inc., a U.S. manufacturer of pharmaceutical in 1977. In the same year the group took its current name, Nestlé S.A.

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In 150 years, Nestlé came across a long way. It has become a giant with 436 factories situated in 85 countries covering 5 continents and is employing around 335,000 people around the globe. It ranks No.1 in Consumer Food Product category of Fortune's "World's Most Admired Companies". It is truly a Multinational Corporation as home country sales account for only 2% of the world wide total. Today it is the world's leading nutrition, health and wellness company with 2007 worldwide sales figure of USD 89.9 bn.

Nestlé Bangladesh Limited in Brief

Nestlé Bangladesh Limited inaugurated its production in Bangladesh in the year 1994. In 1998, Nestlé Bangladesh became a fully owned subsidiary of Nestlé S.A as Nestle S.A. took over the remaining 40% share from our local partner. The company strictly adheres to the policies of growing through constant innovation and renovation, concentrating on core competencies and commitment to high quality, with the aim of providing the best quality food to the people of Bangladesh. (Nestlé Bangladesh Limited, About Us, 2017)

The factory of Nestlé Bangladesh Limited is situated at Sreepur, 55 km north of Dhaka. The factory produces instant noodles, cereals and repacks milks, soups, beverages and infant nutrition products.

The goal of the company is to earn the trust of the consumers in Bangladesh as their preferred 'Nutrition, Health and Wellness Company' both for their own needs and those of their family members. The company emphasizes to understand consumers' nutritional and emotional preferences and to provide them innovative branded products and services. The company's ultimate goal is to ensure-

- Nutrition, Health and Wellness
- Sustainable financial performance
- Trusted by all stakeholders



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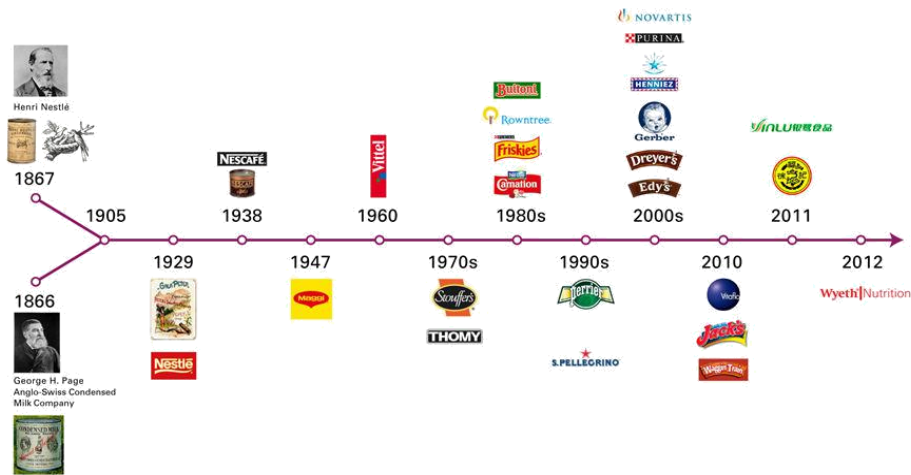


Figure 2: The Global Journey of Nestlé S.A.

Logo Evaluation

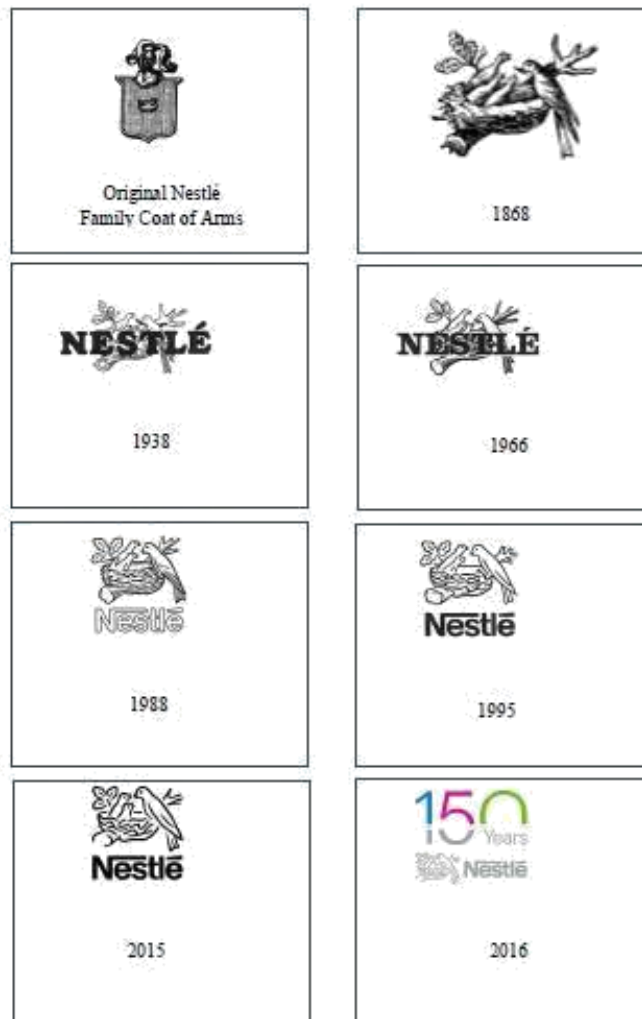


Figure 3: Logos of Nestlé (Nestlé Bangladesh Limited, Evolution of Our Logo, 2016)



Organizational Structure of Nestlé Bangladesh Limited

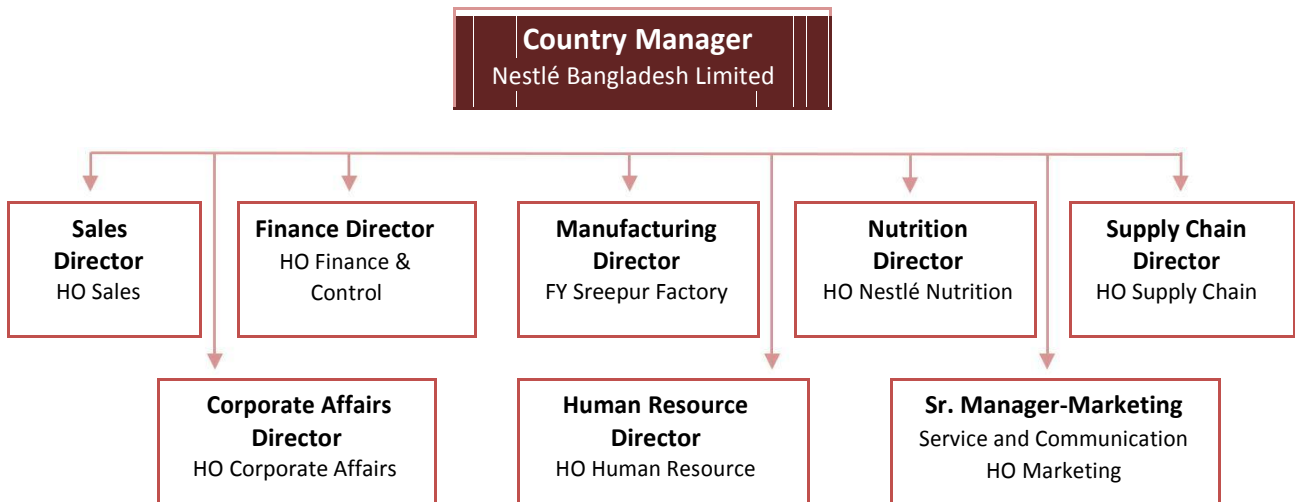


Figure 4: Organizational Structure of Nestlé Bangladesh Limited

Vision

Nestlé Bangladesh Limited's vision is to build Nestlé as the respected and trustworthy leading Nutrition, Health and Wellness Company in Bangladesh ensuring long term sustainable and profitable growth. The company will achieve these goals through the efficient and effective utilization of its three key resources: People, Brands and Products. (Nestlé Bangladesh Limited, 2015)

Mission

- Be in every way, the leading company in the local food industry.
- Ensure high quality standards in everything the company undertakes.
- Provide consumers with superior quality products.
- Expand total coverage and provide brand wise distribution targets.
- Provide employees a challenging and satisfying work environment.
- Be a good corporate citizen and contribute to the society in which Nestlé Bangladesh Limited is being operated. (Nestlé Bangladesh Limited, 2015)

Strategic Objectives

Nestlé Bangladesh Limited aims to fulfil its vision of achieving sustainable competitiveness through the following pillars of competitive growth -

- **Renovation and Innovation:**

Continuously improve business processes, brands and products to achieve a 60/40+ quality advantage. At the same time, prioritize and launch successful new products that drive consumer needs.



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- Consumer communication :

Improve the effectiveness of communication to increase awareness, to drive consumer demand and strengthen the brands.

- Low cost, highly efficient operations:

Follow disciplined continuous improvement process that facilitates the company's ability to promote growth initiatives by improving the delivered product costs and reducing sales and general administration expenses. (Nestlé Bangladesh Limited, 2015)

Business Principles

- Creating value through manufacturing and marketing company's products that can be sustained over the long term for shareholders, employees, consumers, and business partners is Nestlé's business objective.
- Nestlé clearly understands that its consumers have interest in the behaviour, beliefs and actions of the company behind brands in which they place their trust. Without its consumers, no company can exist.
- Nestlé believes- generally, legislation is the most effective defence of responsible conduct, although sometimes additional supervision to staff in form of voluntary business principles is helpful in order to ensure that the highest values are met throughout the organization.
- Nestlé is conscious of the fact that the success of a corporation is a reflection of the professionalism, conduct and the responsible attitude of its management and employees. Therefore recruitment of the right people and ongoing training and development are crucial. (Nestlé Bangladesh Limited, 2015)

Compliance with laws, rules and regulation

Nestlé ensures that compliance with all applicable laws and regulations is never compromised. Moreover, employees are groomed to adhere to company's internal rules and regulations set for different situations. These internal rules are specific to Nestlé and the company may go beyond what is required by the law. (Nestlé Bangladesh Limited, 2015)



Measure of Performance

Growth

Nestlé Bangladesh aims to achieve sustainable internal growth by meeting its set specific targets and the key initiatives listed every year in its blueprints.

Market Share

One of the top priorities is- increasing market share of strategic categories and strategic brands which are always striving to be the number one in the market.

Profit

Attain every year increase in EBIT, net profit and economic profit.

Productivity

The aim is to gradually reduce a certain percentage of sales and general administration expenses every year to become competitive. (Nestlé Bangladesh Limited, 2015)

Business review

Customers of Nestlé Bangladesh Limited

Local distributors play the vital role of distributing Nestlé products throughout Bangladesh. Besides, a separate function called ‘Nestlé Professional’ which is responsible for the institutional sale. Currently, there are 80 distributors of Nestlé Bangladesh products in total of which 76 are retail distributors and remaining 4 are Nestlé Professional’s distributors providing products for the out of home consumptions. The whole country is divided into following 6 regions:



Figure 5: Sales Regions



The retail distributors supply Nestlé products to four types of channels, while ‘Nestlé Professional’ distributors supply products to different institutions.

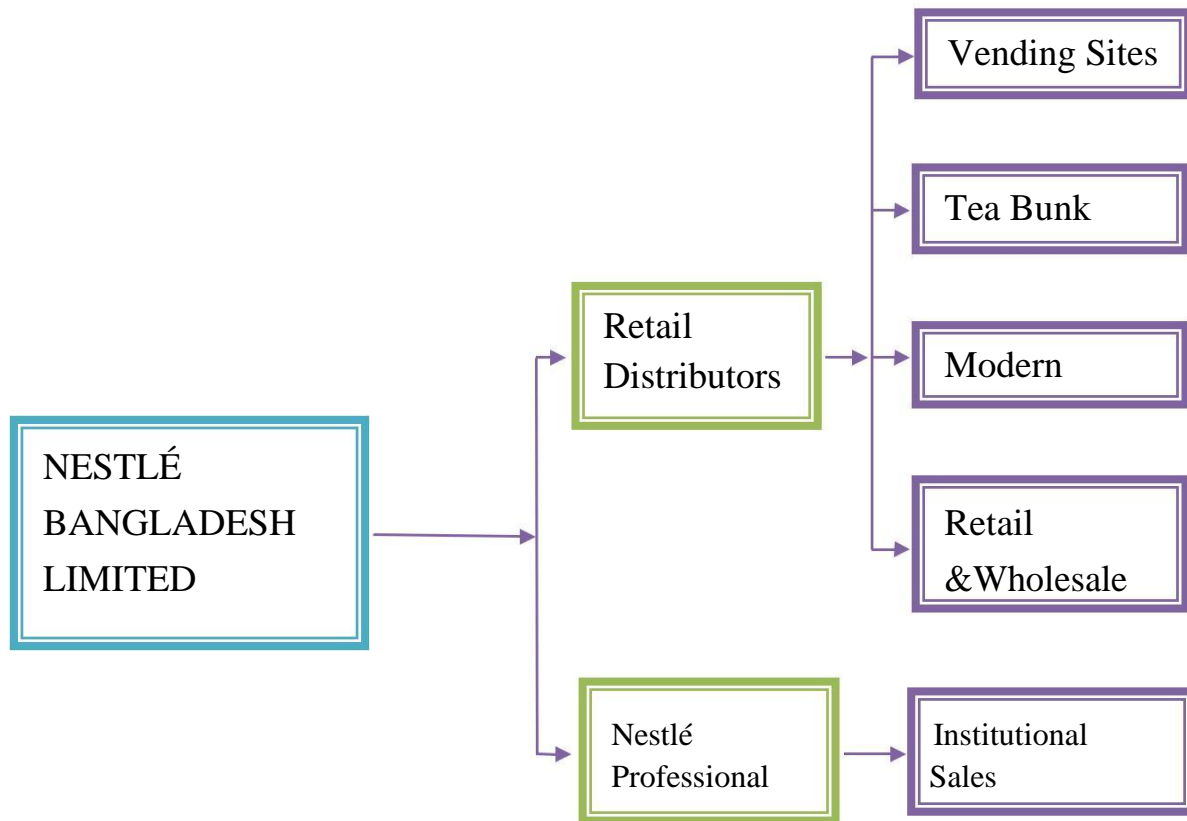


Figure 6: Sales Process

Functions of Nestlé Bangladesh

There are increases in both the demand and trust on Nestlé products. Thereby, focusing on the substantial growth and the other business perspective, the company have developed its own functional areas. Currently the existing functional areas are:

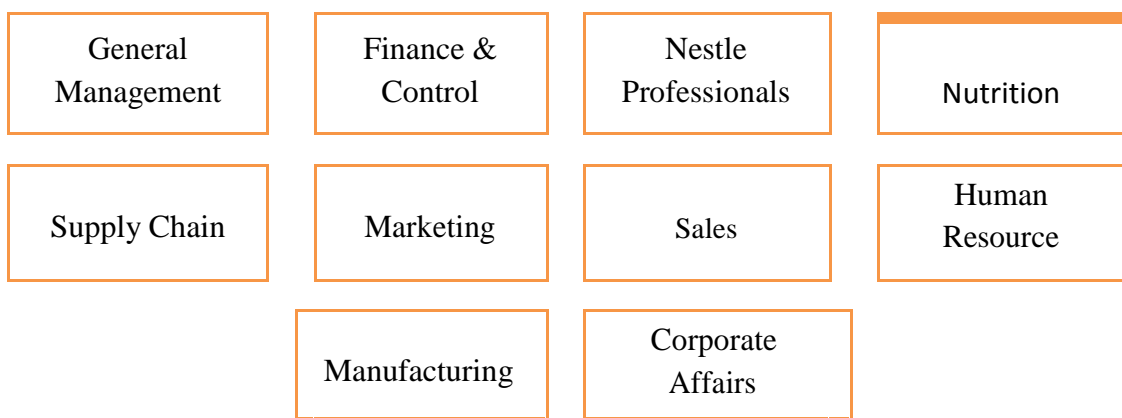


Figure 7: Organizational Functions



General Management

The overall operation of the company and strategic decisions are looked after with this function.

Finance & Control

This function deals with the financial transactions and applies the control mechanism to ensure that the company is financially compliant.

Nestlé Professionals

NP is concerned with earning revenue through the 'out of home consumption' segment and the team looks after the business-to-business/ institutional sales.

Nutrition

Nutrition department basically looks after products such as LACTOGEN, CERELAC and NAN which are concerned with health of the babies.

Supply Chain

This function safeguards that the supply of the products meets the market demand.

Marketing

Existing brands of Nestlé Bangladesh, market share and product development are taken care by this function.

Sales

Sales department is responsible for earning revenues for the company. Besides, it also communicates with the retail distributors.

Human Resources

HR is focused with the management of employees and organizational culture.

Manufacturing

Manufacturing takes care of the production operations that take place in the factory.

Corporate Affairs

Internal and external communications are looked after by corporate affairs functions.



Brands of Nestlé Bangladesh Limited

Nestlé S.A has a very large product line operating in global markets but in Bangladesh, currently there are only 12 products. Nestlé believes all foods and beverages are enjoyable and play a significant role in maintaining a balanced and healthy diet and lifestyle. Therefore, no matter how short the product line may be, it ensures Nestlé’s promise.

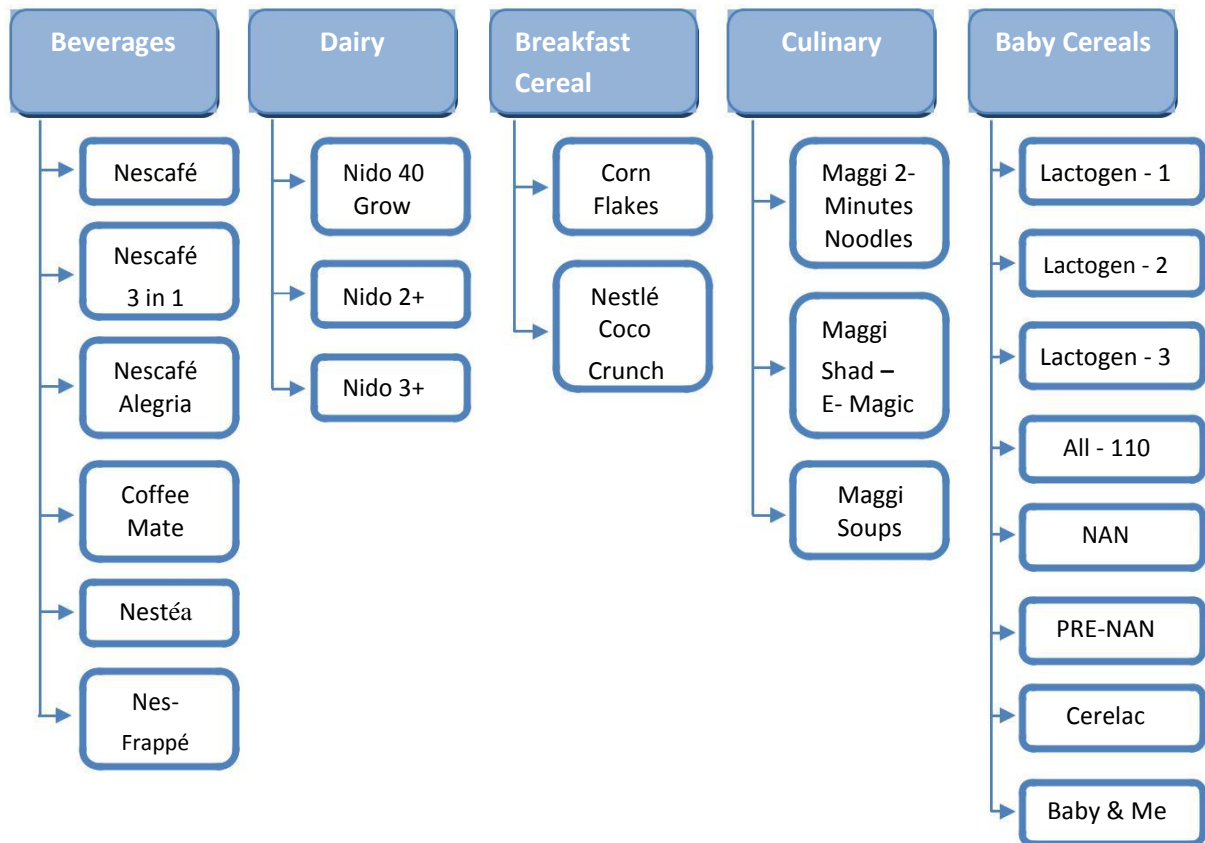


Figure 8: Wide Array of Products

Creating Shared Values (CSV)

Nestlé believes in long term, sustainable and profitable growth. That is why helping communities around its operation to improve their quality of life is one of Nestlé’s core responsibilities. Nestlé addresses these as ‘Creating Shared Values’ (CSV) rather than ‘Corporate Social Responsibilities’. Nestlé has introduced its 39 commitments that it aims to accomplish by 2020 to support long-term goal of Creating Shared Value. (Nestlé Bangladesh Limited, CSV, 2016)



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Achieving water efficiency and sustainability across operations is one of Nestlé's top priorities. Besides, advocating effective water policies and stewardship, treating the water discharged with efficiency, engaging with suppliers- especially those involved in cultivation and raising awareness on water safeguarding and improving access to water and sanitation- are also among Nestlé's priorities.



Nestlé aspires to improve environmental sustainability through efficiency of utilizing resources in its operations, be responsive to climate change, promote transparency and proactive, long term engagement in climate policy, better the environmental practice in its packaging processes and optimize the environmental impact of its products. Besides, providing meaningful and accurate environmental information through dialogue and preserving the natural capital including forest also fall under Nestlé's environmental agendas.



Nestlé promises to eradicate child labour. Plus, Nestlé ensures that its stakeholders can easily report possible compliance violations, stand against corruption and bribery, promote gender balance in the workforce and put forth 'Global Youth Initiative' across all of its operations.

SWOT Analysis of Nestlé Bangladesh Limited

The following aspects are discussed to show the internal strengths, weaknesses, and the external opportunities, threats of Nestlé Bangladesh Limited.

Strengths

- Capability to influence strong brand names to generate sales
- Facilities to tailor products according to the local needs
- Capabilities of ‘Research and Development’

Weaknesses

- Increase in the occurrences of product recalls hampering the brand equity
- Recent adulteration of NIDO which is blamed for melamine being found

Opportunities

- Transition to nourishment and well-being company
- Focus on developing and emerging economies
- Booming out of home eating market

Threats

- Issues with compliance resulting in penalty payments
- Out of company’s control factors or ‘Macro-economic’ factors
- Unethical business activities by competitors



Internship Journey

I have accomplished my internship from Nestlé Bangladesh Ltd. I was fortunate to have worked in both the head office and in different markets during my 3-months tenure. I was able to gather lots of real-world knowledge about consumers and food industry of Bangladesh, the activities of multinational companies and their different working procedure step by step.

My key responsibilities there are as follows:

Outlet Visit and Assessment

I was given the opportunity to visit outlets in different markets to see the condition of retailing, whether the traders are inclined to their given display planograms, checking whether the allocated SKU are available or not, supply and availability of products in outlets, availability of Promotional gifts for consumers, gathering info on competitors' activities, new arrival of competitors etc.

Surveying the Performance of Newly Launched Products

NBL's culinary line has recently introduced new noodles under 'Maggi' namely 'Maggi Chicken Flavour Noodles'. As I was intern under Culinary line, I was given responsibility to visit markets and compare the new product's demand with other Maggi species and that of competitors', whether traders are following the given merchandising strategy, whether they offer the new product to the consumers, investigating to gather traders' and consumers' insights and delivering the findings to my superiors.

Reporting to My Supervisor

In addition, my task was to report about my activities on daily basis to my supervisor; get further instructions; correct my work or to start a new task.

Monitoring the DSR (Distributor's Sales Representative)

Besides, I also had to visit market with DSR or Merchandisers and to watch how do they take order, influence purchase at traders' level and collect money.



Monitoring the DMS

After taking the order from the traders, the 'Dedicated Sales Representatives' or DSR(s) had to arrive at the distribution point and submit the digital format memo for their total order or PDA. Then the orders are collected from PDA to the DMS. I had to watch these functions to know how sales people complete their day-to-day markets.



The Project

Basis of the Report

As a part of the Bachelors program, this report was prepared to help me effectively earn the needed internship credits for completing BBA from BRAC University. To prepare this report, I had to put my 3 months' work experiences at Nestlé Bangladesh Limited and the agenda of my report is based on those 3 months. The report's topic was assigned to me by my respectable academic supervisor Mr. Shamim Ehsanul Haque. I was also assisted by Mr. Hasan Sajib (Line manager- Culinary) and numerous other people of Nestlé Bangladesh Limited to properly finish this report.

Scope of the Report

This report has tried to enlighten the organized tactic that Nestlé Bangladesh Limited follows during initiating a new product into a completely new segment. The following aspects has been tried to describe into the report:

- Profile of the Target Consumer segment
- Orientation/ location of the target groups
- Available markets nearby the target groups, their monthly and daily spending on food, buying behaviour and decision making criteria

Objectives of the Report

Primary Objectives

The primary objectives were to classify possible groups of low income people and provide all-inclusive image, match consumer profile, their buying pattern and decision making factors.

Specific Objectives

The specific objectives are as follows:

- *Identifying the Clusters of Target Customer*

This part includes visiting the six zones- Nikunja, Mirpur, New-Market, Jatrabari, Fakirapul and Old-Dhaka of Dhaka City and finding out clusters of target group.

- *Consumer Identification*

As Nestlé Bangladesh Limited plans to enter into a new market segment, it is very important to understand the consumers of that segment.



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A detail consumer profile can help any company to understand its final consumers, their demography, consumption pattern, spending on food, shopping pattern, food items they prefer and other vital perceptions.

- ***Characteristics identification of each Cluster***

Characteristics of each cluster include: area name, number of household, nearby markets, local shops, NGO offices, health clinics, playground, school and college.

- ***Identifying Locations for Activation***

Nestlé Bangladesh has decided to make their soups obtainable for the lower income segment. Since this segment has always remained untapped by Nestlé Bangladesh Limited (NBL) and according to prior experiences, these people are unfamiliar with Nestlé's product. Therefore, NBL has planned to carry out promotional activities to make their soups familiar to these target markets. In order to achieve that goal, it is vital to find out suitable areas where these activities can be carried out, such as- schools, colleges, health-clinics, and NGO offices and entertainment spots.

- ***In-home Interview and Sample Respondents***

In order to gather necessary data, visiting sample houses and interviewing to finding out the buyer, buying behaviour, decision factors, spending on food of the sample respondents from each of the clusters will be required.

Limitations

- i. 3 months' time period was somewhat insufficient to fully apprehend all the activities of the organization.
- ii. Some stats were hard to be measured or to attain, as the confidentiality of the organization was related with that.
- iii. Secondary research materials were hard to come by due to lack of prior research on such topic.
- iv. Another major setback was- the surveys had been carried out in Dhaka and had been assumed to be representative of the entire country.
- v. The number of the households interviewed from each cluster was minimal due to the time constraint.



- vi. In many cases the respondents were found to hide real info or exaggerate the data which he/she were giving.

Methodology

The main sources of data were primary and secondary medium. As per the company rule, interns have very limited access to company information. Therefore, in order to fulfil the report's objectives the following procedures have been utilized:

Primary Data

First hand data have been collected through market visits, collecting different opinions via face to face interview; and these data have worked as primary input in the report.

- ***Field Visit***

A vital task was to effectively locate the clusters of the target consumers of Maggi soups. An area comprising of 5,000 to 6,000 potential consumers (SEC: C & D) is deemed perfect for each cluster. To find out such areas, I had to take advice from Territory Officers of Nestlé Bangladesh Limited. It has taken about one and a half month to explore different parts of Dhaka city and locate the target areas.

- ***Observation***

Important institutions of the locality, such as- schools, colleges, health clinics, entertainment spots were closely observed. The observation part was basically focused on the living pattern of the target consumers, their preferred shopping channels, decision making factors etc.

- ***In-home Interview***

Second stage of the research was focused on Face-to-Face Interview of the potential consumers. 44 clusters out of 46 were chosen. A questionnaire was designed to find out the demographics of the respondents with other necessary variables such as- income, taste etc.

- ***Discussion with the commoners***

Discussions were held with commoners and the traders in order to bring out the real scenario of the target areas. Talking with these people also revealed about their living standard and the mind-set of the locality.



Understanding the Potential of Maggi Soups among Low Income People in Dhaka City

- ***Survey Instrument***

The survey instruments included- a checklist (regarding the survey tasks to be performed) and open-ended questions designed for the consumers to gather data about taste, preferences, buying habit etc.

- ***Analysis Tool***

Microsoft Excel has been used to analyse the data gathered, plus graphs and charts have also been added to further clarify the findings.

Secondary Data

Secondary data has also backed several parts of this report. Such sources include:

- ***Previous Researches***

Time to time Nestlé Bangladesh has carried out several researches on the performance of the brands, public demands etc. Findings from those researches have been used as the parameters for this report.

- ***Structured Questionnaire***

NBL has its own format to build up the research questionnaire. Although the questionnaire for this report has mainly been open-ended and less of a structured one, guidance was taken from the company's previously followed questionnaires.

Guideline for In-home Observation

Nestlé Bangladesh's prevailing guideline regarding in-home observation was followed during the in-home interview of 44 households.

Data from Bangladesh Bureau of Statistics

Regarding the information about the density of population of different locality of Dhaka City, income level of the residents, number of family- such data from the archive of Bangladesh Bureau of Statistics came as a great help. These data have been used as the secondary source.

Map of Dhaka Metropolitan

Dhaka metropolitan was used to divide the Dhaka City into 6 regions, to keep better track of the areas those were visited and those were left. Besides, it has also been used to keep track the size of the areas covered, the roots and the locality that comprise our target consumers.



Literature Review

Rationality behind the project

Nestlé is a 150 years old leading food company with a varied assortment of food brands. Most of its life span, Nestlé's quality products have mainly served the high and middle income consumers in Bangladesh. Having successfully served the high and middle order consumers, Nestlé Bangladesh (NBL) is now planning to reach out to the consumers with low income. Capturing the low income consumer segment can be a great source of bonus revenues and will enable Nestlé Bangladesh to maximize their potential in the country. Therefore, Nestlé Bangladesh has launched "MAGGI soups" to provide the commoners of Bangladesh an easy access to more healthy, nutritious culinary items, plus, to deal with the widespread malnutrition problems in the country.

With this goal in mind, Nestlé Bangladesh Limited wants to understand the 'Base of the Pyramid' consumers group or consumers with low income to gain awareness on how they can enter these people's minds and their soups to become a first preference for these target groups.

Characteristics of the Clusters

- Target areas: Mainly residential areas inhabited by low income tier people.
- Occupation of the residents: Small scale Private Job Holders, Single mothers, Small to medium level businessmen or shopkeepers.
- Monthly Income: BDT 10,000 – 15,000

Locations

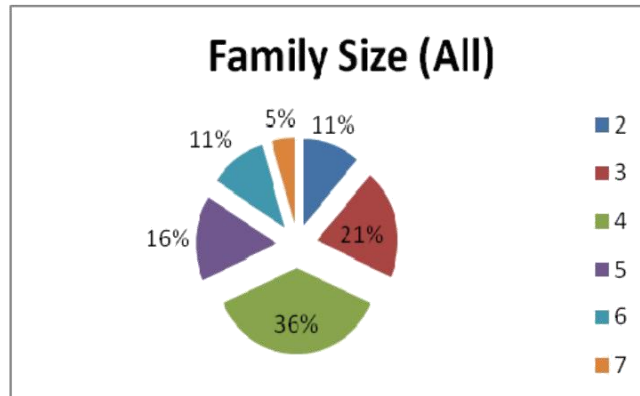
Dhaka city was divided in to 6 zones and clusters were chosen from each of these six zones. The 6 zones are as follows- Nikunja, Jatrabari, Mirpur, New Market, Fakirapool and Old Dhaka.

In the first phase, 47 clusters were located from above mentioned 6 zones. The information regarding those 47 clusters under their respective zones have been provided in Appendix section.

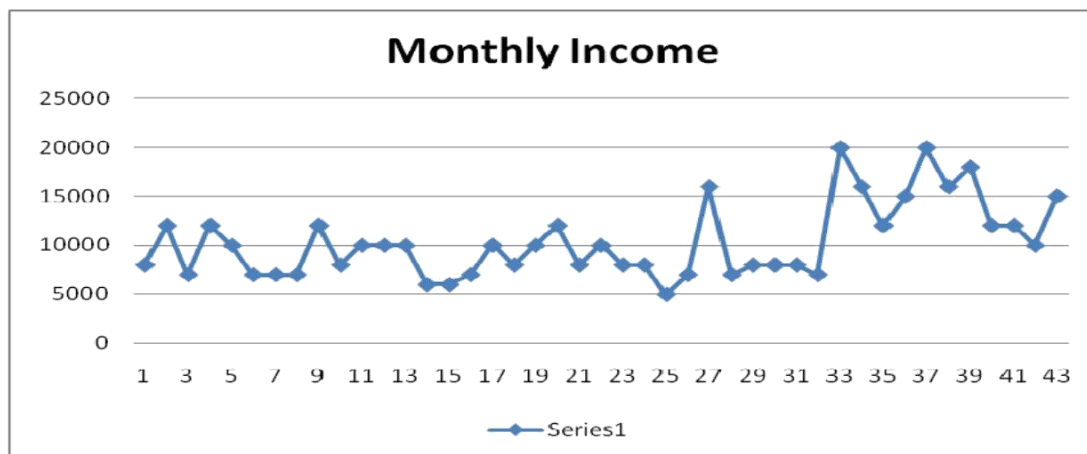


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The checklist designed to conduct the survey included open-ended questions regarding the taste, preference and decision making factors of the consumers. The data gathered were analysed using Microsoft Excel. Several criteria have been considered to do the analysis to get an in-depth knowledge about the customer.



This pie chart indicates that in 67% of the cases the number of family members happens to be equal or less than four (4).



This line chart demonstrates that in most of the cases families' monthly income is more or less close to BDT 10,000. Out layer data or exceptional cases have been discarded to make the graph more relevant and acceptable.

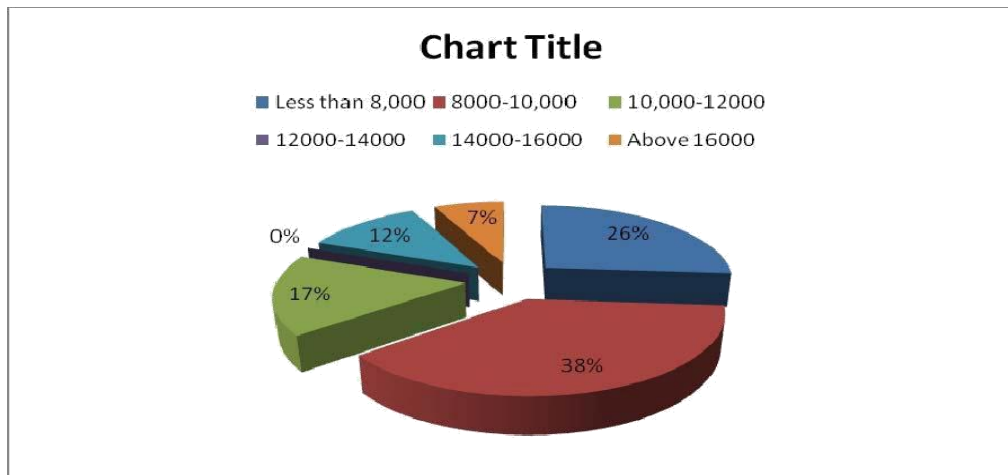


Figure No. 11: Monthly Income (2)

The pie chart above indicates- in 64% of the cases; family income has been found to be less or equal to 10,000 BDT. Furthermore, the potential consumers who have monthly income BDT 8000-12000 consists of 81% of the cases studied.

Main Earner of the Family

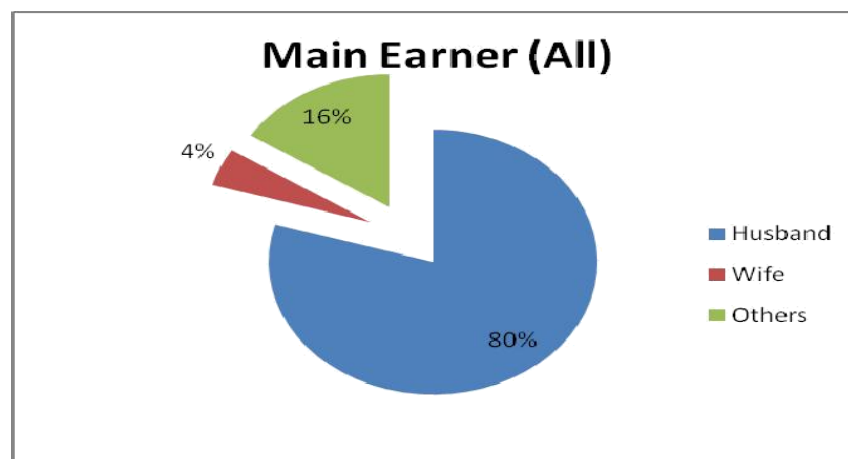


Figure No. 12: Main Earner

Males are the main sources of family income as clear from our social view point as from the study. Women have been found to be the sole earner of the family in just 4% of the cases studied.



Repeat Purchase

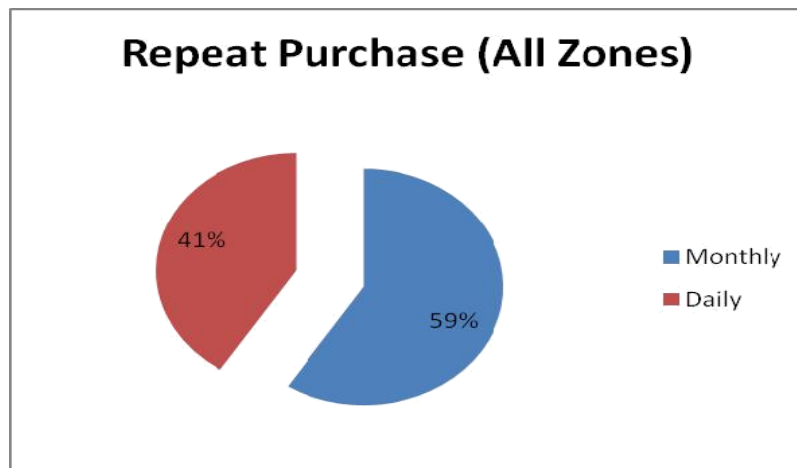


Figure No. 13: Repeat Purchase

Frequency of purchasing provides vital info about potential consumers of a certain product behave. From the study, it became very clear that 59% of our respondents shop monthly while 41% (most of them probably are day to day earner) shop daily for their consumables.

Monthly Shopping

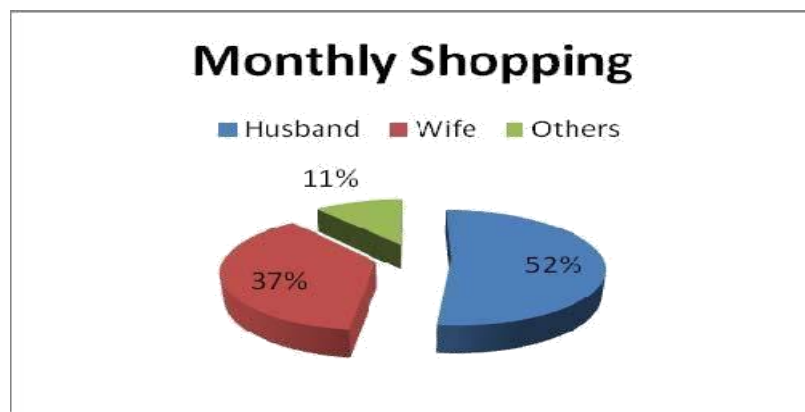


Figure No. 14: Monthly Shopping

The market study further clarified that predominantly male counterparts or husbands are found do the monthly shopping while the female counterparts or wives are found to carry out monthly shopping.



Daily Shopping



Figure No. 15: Daily Shopping

From the study, it was observed that in 61% of the cases female population carry out daily shopping.

Expenditure on Food

The pattern of the consumers' expenditure on food has been examined in terms of the amount of money spent on daily and monthly basis. This is done because observation indicates that those who do the monthly shopping spend less than those who do daily shopping and vice versa.

Monthly Expenditure on Food

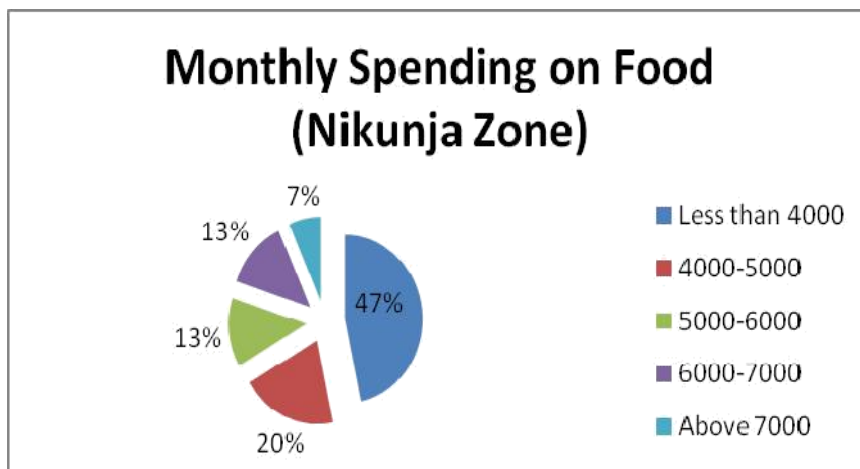


Figure No. 16: Monthly Spending on Food



From the data collected, it has been found that 47% of the families studied; spend less than BDT 4000 on food. Furthermore, 80% of the families' total monthly food expenditure was found around BDT 6000.

Daily Expenditure on Food

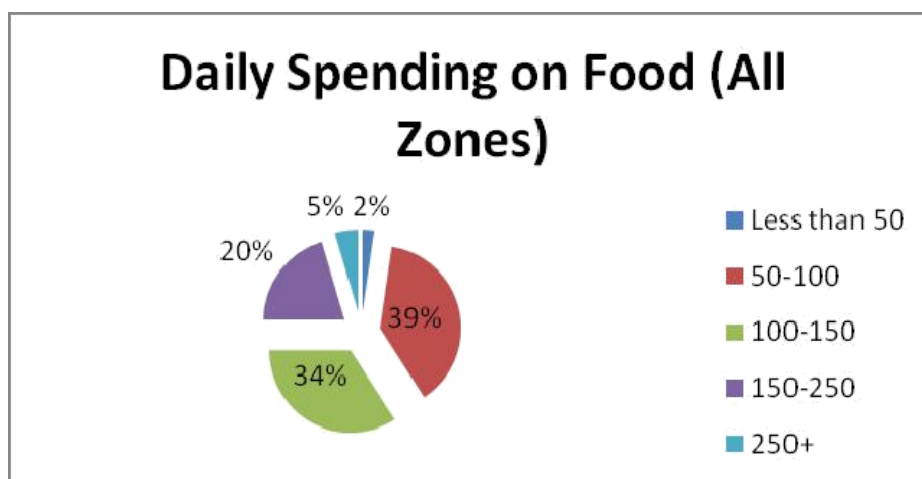


Figure No. 17: Daily Spending on Food

39% of respondents were found to spend only around BDT 50-100 on food on daily basis while 98% were found spending more than BDT 50 on food daily.

Comparison among the selected Four Areas

Altogether 47 clusters were located where the potential consumers of 'Maggi soup' reside and from among those- 44 in home interviews were taken (1 from each cluster). 3 interviews were taken from Fakirapool and 2 were from Old Dhaka. Since, these respondents feedback does not represent the situation of Fakirapool and Old Dhaka entirely, so; four (Nikunja, Mirpur, Jatrabari and New market) areas have been chosen to make a proportional analysis:

	Nikunja	Jatrabari	Mirpur	New Market
Average number of Family Members	3.6	4.2	4.1	3.8
Average Monthly Income	8700	8544	10671	15225
Main Earner	87%	78%	86%	63%



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Feriwala	47%	78%	14%	63%
Nearby Shop	27%	22%	14%	63%
Daily Outlay on Food	50-100(73%)	50-150 (66%)	50-150 (71%)	50-150(50%)
Monthly Outlay On Food	Less than 4,000 (47%)	Less than 6,000 (99%)	Less than 5,000 (58%)	Above 7,000 (43%)
			6,000 8,000 (42%)	
Monthly Bazaar	73%	63%	63%	33%

- ❖ From the above data, it is evident that the potential consumers of New Market Zone have the highest level of earnings. Quite the reverse, the earnings level of the respondents under Nikunja has the lowest (BDT 8,800).
- ❖ Almost all of the four zones have been studied to possess families with similar average number of members.
- ❖ Husband is the main breadwinner in majority of these families.
- ❖ The respondents of Jatrabari and New Market have shown preference towards buying food items.
- ❖ Almost 100% of the respondents from Jatrabari region studied to spend less than BDT 6,000 per month.

Major Items (Monthly)	Nikunja	Jatrabari	Mirpur	New Market
	Kg	Kg	Kg	Kg
Rice	35	34	40	43
Lentil	2	1	3	2
Salt	2	2	2	2
Oil (Litre)	3	4	5	5
Potato	10	15	16	15
Onion	4	7	7	5

- ❖ Both the family size and amount of food consumed by those families have been studied to be similar.



Summary of the Findings:

- ❖ In 68% of the cases the number of family members was found to be equal or less than four (4).
- ❖ 64% of the family studied, the income was found to be less or equal to 10,000 BDT.
- ❖ Male figures have been found from the study as the main earner of our families interviewed.
- ❖ 59% of the respondents have been found to shop for food items monthly, while 41% were found to shop daily.
- ❖ 52% of the respondents were husbands and monthly shoppers.
- ❖ 61% of the respondents are wives and daily shoppers.
- ❖ 47% of the families studied- spend less than BDT 4000 on food.
- ❖ 80% of the families studied- their monthly total food spending has been around BDT 6000.
- ❖ 73% of the families studied have been to spend just BDT 50-100 daily on food items.
- ❖ And more than 98% of the families studied- data suggest they spend more than BDT 50 daily on food.



Critical Observations Regarding My Internship and Nestlé Bangladesh

- Nestlé Bangladesh provides their interns the opportunity to become a part in designing, maintaining and observing the market reactions of their new projects. It is of greater advantage for the interns as it not only opens the door for exploring the real business world scenario but also changes their thought process about how a business idea can be developed and executed. This has always excited me and I have participated in all the possible projects that came my way. Such experiences have sharpened my theoretical knowledge and definitely have made me ready for upcoming real world challenges regarding business.
- Beside the above mentioned opportunities, Nestlé Bangladesh also maintains a very warm, a very friendly atmosphere inside the organization which helps any new comer to get involved with others regardless of them being his/her very senior. So, it was very easy to share my findings with my seniors and get feedback from them on the idea.

Recommendations

Upon analysing the data collected about the buying and consumption pattern of the target group, certain recommendations can be drawn regarding ‘Maggi soups’. Here such ideas about the product, pricing, promotion and placement of MAGGI soups have been shared:

Product

- Smaller packs: The pack size of the Maggi soups can be made smaller. Then it will be easier for traders to hang and display those with our POP (point of purchase) equipment (or hangers) in more tight spaces; thus, enabling more visibility to our target consumers.
- Sufficient quantity: The pack should contain enough quantity so that it can serve 3-4 people at a time. Since, 68% of the families studied consist of equal or less than four members per family, then it will be major advantage to gain consumer satisfaction.
- Cooking instructions: Easy instructions regarding how to best prepare soup can be provided behind the packs. It can be a part of educating the consumers. At the same time, informing consumers of health benefits of Maggi soups will add to their satisfaction level.



Price

Since we are going to deal with the low income segment, it will be best to set the price of the Maggi soups around BDT 12-15.

- As our data suggests, 75% of our targeted families' daily expenditure on food is BDT 50-150 per day.
- This causes an increase of 40% in spending for those who spend BDT 50, 20% for those who spend BDT 100 and 10% for those who spend BDT 150 on per day basis.
- Furthermore, if our targeted families spend BDT 15 daily then in total they will have to spend BDT 450 at max and this can become an affordable option.

Promotion

- **Target Audience:** Since one of our findings from the study suggests that most of the time women do 'daily shopping' for food items. Therefore, women or wives should be our top target to whom we should advertise more, educate them about kids' health benefits from consuming our soups, should make our soups more visible to mothers to increase sales volume. Besides, we should not also forget males who though do 'monthly shopping' most of the time but purchase items in bulk amounts.
- **Emphasis on both ATL and BTL:** In order to reach our target consumers successfully both above the line (ATL) and below the line (BTL) promotional activities will play vital roles. These steps are discussed below:

Above the Line (ATL): Above the line promotional activities will be focusing on increasing product awareness among our target markets and enhancing the brand image. Electronic media would play the forward role. Because now-a-days, almost all the families have televisions and have access to social media such as- Facebook. Besides, frequent use of point of sales (POS) in small shops of society or locality can have very positive effects.



Below the Line (BTL): Below the line functions enhance involvement from the consumers' end and experience regarding the product. Examples on how it can be achieved:

- Sampling at places where our target consumers gather more often: Both types, such as- dry (sampling) and wet brand activation and sampling can be carried out in near schools or entertainment spots.
- In home activation: Such way of activation gives the target people the experience of our product and brings them closer to company's initiatives. In previous cases, it has been observed that 'In home Activation' creates longer positive effect on consumer's attitude for the brand and the consumers have been seen quick enough to share their positive experience to family, friends or peer members.

Message or Communication:

This report has also tried to suggest a few catchy communication taglines for Maggi Soups.

For example:

“Best ingredients, Best taste!”

“Maggi soup; for your health, nutrition and happiness”

The first tagline enlightens Nestlé's continuous efforts to provide the best ingredients in its products and ensuring that its beloved consumers get the best taste. The second one focuses on “Health, nutrition and happiness”. Since Nestlé is the world's number one NHW Company and have contributed its services in helping people of around the globe in getting affordable nutritious diets throughout its 150 years of existence, this tagline can actually increase the consumer's trust on the brand.

Role of Online Social Communities and Cooperative Societies:

There are many well-known and active online communities who take part in discussions related to diets, health and awareness; such communities can be used to build reliability and trust among the target consumers on Maggi Soups. Many social cooperative societies are also very active and work closely for the health mothers and children; these people can be invited to our head office to be taught about the beneficial facts of Maggi Soups and we can even reach a deal with these social workers so that they refer our brand to the people who take help from them.



Place

The best placement option for getting better exposure to the target consumer is by placing Maggi Soups in their close proximity shops or in their locality. This type of placement would allow the target consumers the convenience to buy Maggi Soups whenever they think they want it, particularly for cooking morning or evening time meals.

Beside departmental stores and small store, Maggi Soups can also be placed in vegetable shops or stalls. The reason behind this- while our target consumers would go to the market to avail them of vegetables, then they will see our products. People are seen buying products that complement each other; therefore, they may also go for buying our soup with vegetables.

Since in many of the cases we have found people making on spot purchasing decisions, placing our product near kindergartens and schools can also be highly effective. Because, mothers has to prepare some quick meals when they arrive at home with their kids from schools. So, they placement near educational institutions, coaching centres can trigger impulse buying.



Conclusion

Nestlé has always been strictly concerned about maintaining the caring image it has among its consumers. The company spends a great deal of its resources to make sure consumers get both the taste and nutrition from its products. The proposed new Maggi Soup would be able to provide micronutrients and help fight malnutrition in that layer of the population who want nutrition but also cannot spend a good chunk of their money for buying such packaged items. Thus it can be said that the new Maggi Soup has bright prospect in the market of low earning socio economic classes. Ideas have been shared from the recommendations that have been received directly from the market and consumers and keeping those in mind pricing, placement and promotion techniques have been developed. Understanding consumers and delivering values according to it is the prime factor for any product to succeed in the FMCG industry. Therefore, this report can be said a good reflection of the consumers' expectations from Maggi Soup and how Nestlé can become more successful in Bangladeshi markets.



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