

2018

MAGGI Sauce launch in Bangladesh

INTERNSHIP REPORT

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Good Food, Good Life

Internship Report
On
“MAGGI Sauce Launch in Bangladesh”

Submitted to:
Ms. Rifat Iqbal,
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BRAC University

Submitted by:
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Date of submission:
5th April 2018



Letter of Transmittal

5th April 2018

Rifat Iqbal

Lecturer

BRAC Business School

BRAC University

Sub: Submission of report for completion of internship

Dear Ma'am,

This is to inform you that I have completed my report on the brand MAGGI, based on my experience working in the team as an intern at Nestle Bangladesh Ltd.

The report focuses on a project that I had the opportunity to see throughout – MAGGI Sauce launch in Bangladesh.

For the confidentiality of the project and keeping the fact in mind that the product has not been launched yet, I request you to not publish this paper anywhere, not even on the university's website, without my knowledge. It is my request and the company's as well that you do not share the details of this report.

I have followed your instructions and the report structure for writing the paper so as to present my experience and study in the easiest way. However, I will be glad to clarify any discrepancy that may arise.

Thank you.

Sincerely,

Faabiha Khan

ID: 14104074



Letter of Endorsement by the Supervisor Faculty

The Internship Report on “MAGGI Sauce Launch in Bangladesh” has been submitted in partial fulfillment of the requirements for the degree of Bachelor of Business Administration (BBA), Major in Marketing, on April 2018 By Faabiha Khan, ID 14104074.

The report has been accepted and may be presented to the Internship Defense Committee for evaluation.

(Any opinions, suggestions made in this report are entirely that of the author of the report. The University does not condone nor reject any of these opinions or suggestions)

Ms. Rifat Iqbal

Internship Supervisor

Acknowledgement:

I would like to take this opportunity to thank my supervisor – Paromita Quarishi – Brand manager of MAGGI Soups and Flavor world. She has given me the opportunity to lead projects, work on projects that has given me immense opportunity to learn, corrected my mistakes and given me lessons that would benefit me a lot in the future. I also thank Nazmul Huda Naim – Brand Manager of MAGGI noodles who, even though wasn't my direct supervisor, gave me important lessons as well.

I would like to thank the whole marketing team – who have been very nice to me and welcomed any questions I had. Not only the marketing team, but the whole team of Nestle Bangladesh Limited has been welcoming to me and nice to me throughout my term.

I would like to thank Miss Rifat Iqbal, my faculty supervisor who has supported me throughout and truly gave me the space to work without any pressure, as it was tough to work on this paper as my work was quite hectic on most days. Because of her, I could take my time and work on the paper.

I would also like to thank Hasan Maksud sir for providing the internship draft and guiding us as to how to prepare this report.

Everyone's support really made it easier for me to prepare the report.

Executive summary:

I have completed by internship at Nestle Bangladesh Limited on marketing – working for the Brand MAGGI. I mainly looked after MAGGI Healthy Soups and MAGGI SHAAD-E-MAGIC. Working for the brand gave me opportunity to see how all the marketing of MAGGI is done – starting from packaging design to promotional strategy.

I joined in January when there were quite some new projects underway – launching different variant of MAGGI noodles and coming up with a new product, the Boishakhi offers and Ramadan offers.

I have prepared this report with one project that I have been looking after from the start – MAGGI Sauces launch in Bangladesh. MAGGI Sauce is the number one sauce brand in India and is also popular in countries like Malaysia. The sauce market in Bangladesh has huge potential, as there a few sauce brands – BEST being the leader among other imported brands and PRAN being the leader in this category. We got the product tested in the head office and everyone loved it, so the brand team is quite hopeful about it. For this project, I had to carry out many market visits to find out about the competitive brands, how the imported brands are performing, and the type of customers who are purchasing the product and which type of stores should we start with. I had to come up with various promotional activities for the test launch which involves providing test samples to the consumers in modern trade. I was a part of every meeting regarding this agenda and was even part of coming up with the right price of the product – keeping my market research in mind.

The plan is to import a small amount from India at first, but one disadvantage is India only exports the larger bottles – 500gm whereas most of the brands have 300gm bottles more in number. Our plan is to make the consumers try the product during the test launch and if it's a success we could import 300gm bottles from Nestle Malaysia.

The biggest advantage of this product is its existing position in other countries, the brand value and the taste of the product.

This product is completely a new addition, in a category that MAGGI Bangladesh has not penetrated yet, which is why it is more challenging. But, this category has a huge potential and if done right, it could do good business.

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Part 1: Overview of the company:

Nestlé, the multinational food and Beverage Company is headquartered in Switzerland. It is the largest food company in the world measured by revenues.

Nestlé is a very successful company worldwide. Nestlé has 447 factories, operates in 194 countries, and employs around 333,000 people. Nestlé's products include baby food, bottled water, breakfast cereals, coffee and tea, confectionery, dairy products, ice cream, frozen food, pet foods, and snacks.

29 of Nestlé's brands have annual sales of over 1 billion Swiss francs (about \$1.1 billion), including Nespresso, Nescafé, Kit Kat, Smarties, Nesquik, Stouffer's, Vittel, and Maggi. It is one of the main shareholders of L'Oréal, the world's largest cosmetics company.

In 2011, Nestlé was listed No. 1 in the Fortune Global 500 as the world's most profitable corporation. With a market capitalization of \$233 billion, Nestlé ranked No. 9 in the FT Global 500 2013. For over 140 years Nestlé has been dedicated to providing nutrition for its consumers.

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, Nescafé, Maggi noodles and soup, Maggi Shad-e-Magic, breakfast Cereals such as Corn Flakes and Koko Crunch, Coffee-Mate, and many more.

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.

Mission: 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 the leading food and beverage company in order to provide their customers with high quality products and services with added value at competitive prices, simultaneously ensuring the long term viability and profitability of the organization.

Part 2: Project Part

1. Introduction:

Rationale: This report was written in order to complete my internship and be able to finish my graduation.

Objective: To give a clear summary of the work I did for launching MAGGI upcoming product – MAGGI Sauce.

Background:

Maggi Sauces have been an integral part of the Indian consumers' households for decades now. It launched in the Mid 1980s and its "It's different" tagline in Indian TVCs have also been a hit in India. Over the years, MAGGI has been continuously re-inventing itself and MAGGI Sauce is one such innovation.

Maggi Sauce is one the largest sauce brands in India and now Nestle Bangladesh bringing it for the Bangladeshi consumers as well. This will add a variation to the MAGGI Portfolio.

2. Methodology:

Primary Research (Qualitative research) – conducting market visits, talking to potential consumers, retailers who sell imported and local sauce, talking with territory officers to understand the market and which markets have a potential for the product, and conducting meetings with Nestle India to know about the product characteristic.

Market Research:

For understanding the market, market visits are crucial. In my market visits, I interviewed store owners regarding type of customers who purchase sauce, compared prices of all sauces, talked to potential consumers regarding their preferred brands and preferred type of sauce.

3. Research Findings and Analysis:

From the market research I found out that Sauce is usually bought by mothers for their kids and the whole family. It is usually purchased during the monthly household purchase so bazaars sell larger quantity of bottles as compared to normal retail stores. But, on an average 3 cartons are sold from a bazaar and one or two dozen from a retail store monthly.

Price comparison: MAGGI sauce competes with the imported sauce brands as the locals are very low priced. The highest selling imported sauce brand is BEST which is priced at 121 Taka for 300 gm. BEST 725 gm sauce costs 295 taka and the product that we are bringing are sized at 500gm. Based on the competitive market and test launch, we plan to keep the price as minimal as possible to around 200 Taka only. So, that people at least try the product.

Primary Competitors: (imported products)

1. BEST
2. Heinz Ketchup
3. Meridian
4. Life
5. Suree Sweet Chili sauce

Secondary Competitor: (Local products)

1. Pran
2. Golden Harvest
3. Ahmed

Market Leader of this category is Pran Sauce, and BEST Sauce occupies the second position. Most sold sauce variant is Tomato, and the most available and sold size is 300-350gm.

SWOT analysis:

Strengths:

The brand value of Nestle and MAGGI is a huge strength for the product. Nestle is a trusted name and people of Bangladesh recognize MAGGI very well and love the taste of MAGGI products.

MAGGI sauces are the number one sauce brand in India, so there definitely is potential in the product and is expected to do good here. Yes, taste varies from one country to another and that's why the product was tasted at the Bangladesh Head Office and it did not disappoint. MAGGI sauce was tasted and the company believes in its taste, if consumers try it they will surely like it.

One of the variant being launched is "Hot and Sweet Sauce Tomato Chilli Sauce" which is not offered by any of the competition.

MAGGI Sauce bottle comes with a metal bottle cap, unlike any other brand right now in the market. Which guarantees it is safe from any contamination of germs or dust even during it is imported, the metal cap adds as a layer of safety.

Weakness:

As mentioned before, the popular size of size bottles is 300gm and 500gm sized bottles of MAGGI sauce would be launched. Even at a discount, the 500gm bottle would have a higher price than a 300gm bottle and consumers might not prefer to try a new product with a high price and also would not be willing to try a large bottle for the first time. It is a huge risk for them.

The metal bottle cap could be a hassle for consumers, as it is not so easy to open and use right after purchase.

It comes in a glass bottle, which also is a major weakness for two reasons – breakage might happen during import (even though the imported bottles are made with strong glasses and are packed very careful, it's still a risk compared to plastic)

Glass jars are heavy, might break and consumers might not prefer it over the plastic bottles that are already in the market. But, positive point is that even the highest selling imported brand – BEST, comes in a glass jar and people still buy it for the quality and taste.

Opportunities:

This category has a huge potential to do a huge business, even if MAGGI occupies 10% of the market that BEST and PRAN are occupying, it is a large profit. Pricing at a discount might encourage consumers to try the product at first, and if they like the taste they can switch brands. There is less competition in the market. Pran occupies a huge share as it is very cheap but the competition of MAGGI sauce is with the imported brands like BEST and Heinz, and these are the only two brands who are doing good in the market. Heinz is not doing good business in the retail stores as it is priced higher than BEST. On the other hand, BEST is doing good in retail stores and modern trade stores as well. Defeating Heinz is relatively easier than BEST, and as there are only few brands in the competition with two brands making the most, if MAGGI sauce can win the hearts of the consumers with the taste then they can really be at a good position.

Threat:

Threat is undoubtedly the very inexpensive product Pran Sauces, which imported brands just cannot compete with in terms of price. But, as MAGGI only sees imported brands as their competition - BEST is a very strong competitor. It is not very expensive and has become a trusted sauce brand by many. It would be very tough to win those consumers. Another threat is the bottle size of competition. 300gm is a convenient size and would cost less than a 500gm bottle and it would be the toughest job for MAGGI sauce to make consumers try the product and use it. Those are used to 300gm, are probably content with it and 500gm would seem too much and they might not feel the need to buy such a big bottle as 300gm is good for them. Convincing consumers to switch to a different brand that too of a bigger bottle size, would definitely be the biggest challenge at hand.



4. Launch Plan:

The plan is to launch 500gm of two variants of MAGGI sauce – MAGGI Hot & Sweet sauce and MAGGI tomato sauce, importing them from Nestle India.

As the popular size in the market is 300gm, the future plan is to bring 300gm bottles of MAGGI Sauce from Malaysia, given that the test run is successful; as Nestle India doesn't export the smaller bottles.

The plan is to focus more on modern trade as the price of the product is slightly higher than local competition, and being a bigger bottle also means increased price.

Promotional Strategy

Based on our research, the target market is children and people in their 20s, keeping that in mind I have a proposed promotional strategy. As, we have belief in the product's taste, we believe product sampling is a very important way to win the hearts of consumers

Communication Plan:

Banners, Posters and danglers could be placed in Retail Stores to grab consumer's attention. The banner and poster both could focus on the fact that it's the number one sauce in India and you should definitely try it. Shelf stickers, danglers and wobblers, introducing the new products, could be placed in modern trades.

Interesting offer: As MAGGI sauce has a metal bottle cap, a free interesting bottle opener could be given. It would be relevant and a fun offering.

Sampling: As mentioned before, as we have faith in the product's taste as truly everyone at head office liked the taste of the product, sampling can play a key role in winning consumers. Product sampling/tasting could be done in Modern Trades

Product tasting could be done with French fries as French fries are a very popular food for children and people in their early or late twenties. And, most people prefer to have sauce with fries, hence two factors would work here for consumers – one is free food, two is they get to try a new sauce free with their favorite snack item- French fries and lastly, they can try the product themselves and judge it before purchasing it.

5. Recommendations:

1. According to me, it was a wrong move to decide on importing the 500gm sauce bottles before doing market research.
2. I joined later, after this decision was made, or else I would have let my manager know that we could have waited for Nestle Malaysia to respond and import 300gm bottles from them. It would very difficult to compete with other brands which cost less as they come in a smaller size.
3. Launch should be big and from a long time, so that consumers are willing to try it, the brand has to make the consumers want to make that heavy purchase.
4. MAGGI Pichkoo could have been imported, they are small and are a very portable size. There is immense potential for that SKU – children could take it to schools, employees can take it to offices and use a small quantity and close the bottle after use. It's easy and a unique product.



6. Conclusion

Working in Nestle Bangladesh, has given me a lot of experience and I hope to continue with learning more. I am an intern, but I worked with the main MAGGI team and was responsible for quite a lot of things – mostly to make sure everything gets done on time. Even though I wasn't a decision maker, I was a part of many decisions and saw many decisions take place – which is a massive learning experience.

Working on the MAGGI sauce launch project allowed me to do market visits, gather real market data, compare with competition, research and come up with ideas to fight the competition and finding out about the consumers of the sauce category.

I identified the Strengths, threats, weakness and opportunities of MAGGI sauce and based on the strengths came up with promotional ideas to reach the consumers and win them over.

MAGGI currently has no products in this sauce category in Bangladesh, but success of MAGGI sauces in other countries keep the team hopeful.

This category has potential and so does the product and if it really reaches the consumers in the right way, as planned, then it could do good business.

7. Reference

- <https://www.nestle.in/brands>
- <https://www.nestle.com/>
- <https://www.nestle.com.bd/>
- <https://chaldal.com/>

8. Appendix

Questionnaire for shop owners:

1. Do you sell Sauces?
2. If yes, do you sell Imported Sauces?
3. At what price, do you buy the products? What is the trade profit margin?
4. Which brand of sauce sells most?
5. Can you compare sale of imported sauce vs local sauce?
6. How many bottles do you order a month?
7. Will consumers buy a 500gm bottle?
8. If MAGGI brings a sauce, will you keep it?
9. Who are the customers?
10. Do they buy sauce as a part of their regular monthly purchase?
11. What do you think a 500gm bottle sauce's price should be?
12. Do you think consumers will buy a glass jar?