



MARKETING STRATEGIES OF NESTLÉ MAGGI IN INDIA (2015-2017)

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Abstract

Maggi is a well-know brand that took many turns and twists in its journey to success. A product, Maggi of the company Nestlé, will certainly have some ups and downs in its path but, what happened with Maggi is completely surprising.

A company with 9/10 shares in the market (till 2015), suddenly gone to NIL and struggling to get a base in the market. It is true in the case of Maggi, a well known brand for instant noodles. Maggi, once ruled the market with its noodles and sauces, but now it is struggling although it put its step into instant soups and masala.

Nestlé had spent more than 3 decades to build a position, that can't be touched, for a beloved noodles brand in India known as "Maggi". Nestlé took as many strategic steps as possible to make Maggi a popular product. But unfortunately, the world's largest and most famous f&b (food and beverage) company fell down into public relations devastation, which was due to the excessive levels of Monosodium glutamate (MSG) that indeed cost it Rs. 640 Crore. This study is on the marketing strategies and practices that 'Nestlé' put in marketing and selling of 'Maggi', and also its fall into the crisis and steps to get back into the previous position.

Keywords: Instant Noodles, Monosodium Glutamate (MSG), Crisis, Marketing Strategy.

Introduction

Maggi, a well known brand for its instant noodles in India, has undergone many phases in the Market. It had been the top selling brand for instant noodles in India for over 3 decades (till 2015). And in the successful run of the brand, due to the improper maintenance of quality checking process and frequent rejection of the complaints against the production, Maggi was left with no choice to face the crisis. This paper gives the brief overview of the history of Maggi in India and its marketing strategies that helped it to get back into the market.

The study is actually based on the reviews over Maggi, during the phase of crisis (2015-17). This study mostly focuses on the steps and strategies that Maggi did take to get back in a stable position after the crisis (in 2015). The reviews are taken from various sources like websites, journals etc.

Maggi is an international brand of instant noodles & soups, and seasonings, which were originated in Switzerland in late 19th century. Maggi was the first to bring not only protein-rich legume meals to market but also ready-made soups in 1886. In 1947, there are plenty of changes in corporate structure and ownership, company branded as Maggi merged with the Nestlé to form Nestlé-Alimentana S.A.

In the beginning, Maggi isn't only about noodles and soups, it started its journey with bouillon cubes (which are also known as Maggi cubes), which is a meat substitute product. Later it started, seasoning sauce, which are sold in China, Vietnam, Australia, Thailand, Taiwan, etc. And then it stepped into Indian market with a product, which is an instant food, i.e., Maggi Instant Noodles. Nestle has almost 39% of the market share in Malaysia, where surprisingly "Maggi" is related with instant noodles, and it had nearly 90% of the market share in India, before the ban of Maggi. Maggi Cuppa Mania is an another instant noodle product launched by Nestle in the middle of 2008 in two variants named 'Chilli Chow Yo!' and 'Masala Yo!', which are packed with a seasoning packet and a disposable fork inside.

Review of Literature

Previous studies on Maggi state that, it is a brand that never left the customers trust and it is constantly producing and delivering the quality products for its consumers (before crisis). Many authors have prepared their studies on Maggi, stating its growth and history. But all those who have studied Maggi, ended up with different conclusions and theories.

Salleh, Sabariah Jun 30, 2003 in his study on Maggi stated, "Maggi sauces made from finest ingredients."



Rajani Kambhoj (2012) made a case study that was actually focused at the various phases in the product life cycle of Maggi noodles in India. It describes about the various measures that had been taken by NIL to keep the Maggi brand fresh in the minds of the Indian consumers and reposition Maggi as a 'Health product'.

Some studies have been prepared for the period of ban and the gain of the market after the ban. As one of which is by Prof. Manvi Sharma Sood, with title "A STUDY NESTLE IN INDIA WITH & WITHOUT MAGGI" in UDGAM VIGYATI, Volume 2, 2015, (November). In his study he states all the process underwent by Maggi through the time period 2014-15.

Narander Kumar Nigam, Saumya Jain, Dr. Purushottam Arya, in their study titled, "Perception of Maggi Noodles Amongst Delhi Residents: Before and After Controversy" in Journal of Business and Management, Volume 18, Issue 2 .Ver. I (Feb. 2016) concludes that Maggi after the ban was almost discarded by the high affordable people whereas it still was with less affordable people who couldn't give-up a snack like Maggi.

Narayan and Suresh Chandramouli stated, "Maggi noodles returns to shop shelves. But getting its mojo back could be a long haul."

As many studies had different approaches to the crisis that Maggi had faced, it would be rather a combined version of those studies and well based on the conclusions and the reviews from the people.

Objectives of Study

The following are the objectives of study

1. To study the marketing strategies of Maggi, India, before and after the ban.
2. To study the consumers' reviews on Maggi's growth in the Indian market after the ban.
3. To study the various conclusions of the scholars who made their case studies on Maggi.

First Step into Indian Market

Nestle first launched Maggi noodles in India in 1984; the year when team India took the Cricket World Cup in their hands for the first time. They got instant success and caught the nation's imagination. Maggi was the highest sold noodles in India, till 2015 (year of ban). Back in 1980's, there was no such thing like instant noodles, and was an entirely new category.

Now, the challenge was to establish an alien product and yet find a relevant consumption benefit in the market. Therefore, Maggi was positioned as fast-food kind of snack for children who are likely to experiment food and advertised as a good to eat and fast to cook snack. The price tag as Rs.2.50 per 100gm of Maggi packet was an instant success that time.

Maggi took a major advantage from its advertisements, one of which is, "Mummy Bhook Lagee- Bas Do Minute", an example of their approach. It fits well with the mother-child caring relationship. Thus these advertisements became very popular, that "Bas Doh Minute" tag instantly reminded the Indian consumers of Nestle Maggi.

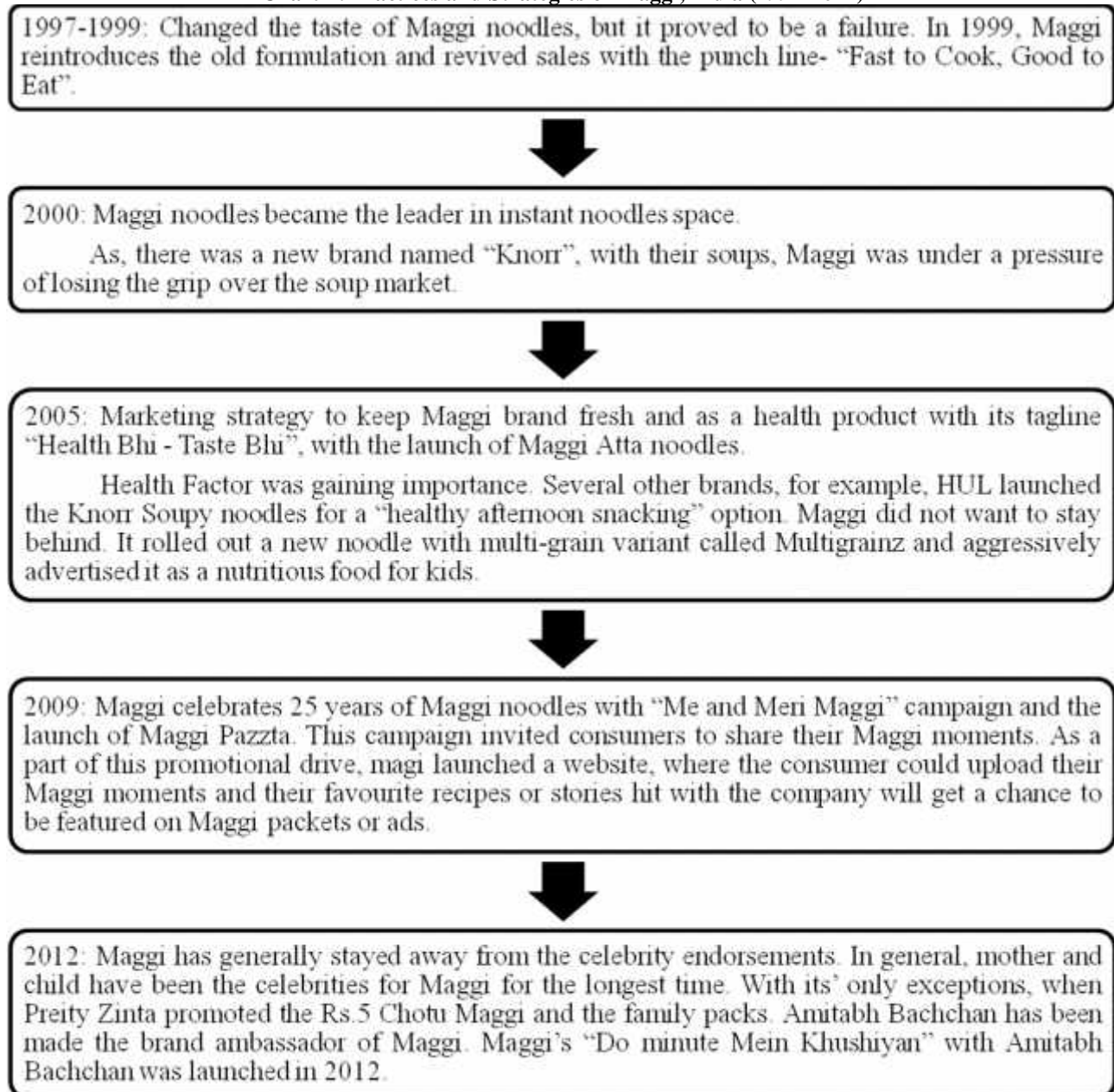
The idea, that it could be cooked in only two minutes and with an ease, had a huge and quick impact on people. With the "two-minute noodles" tag running on television, Maggi created instant attraction in India, because of its liberating message for women, and mostly the housewives with children.

Practices and Strategies of Maggi, India in Marketing

Despite of its monopoly in the Indian Market, Maggi even started the campaigning of its product through T.V. commercials, Banners etc. The growth of Maggi and its steps in the Indian Market are mentioned below,



Chart-1. Practices and Strategies of Maggi, India (1997-2012)



Source: Marketing Strategies of Maggi 2-Minute Noodles, Marketing Journal

Consumer Perspective on Maggi in India

Maggi had its market all over India and it even owns the trust of the customers. Maggi is always considered as ready to eat food as well as a comfort food. As it is easy to cook, even the working wives loved to cook Maggi for their children. Indian youth was very attracted towards Maggi as it has been their comfort food since their childhood. Maggi was not only rested to urban areas but also to some rural areas. Maggi noodles brought huge change in the lifestyles of Indians. Soon it had become the part of their lifestyle. Maggi was almost into the hearts of each and every age group, specially the age groups of <20 years, 20-30 years, 30-40 years. Maggi was a wholesome success in urban India, as the day is very heavy and time is very less, they often prefer the simple cooking and fast-food. Maggi's advertisements certainly had a huge impact on the housewives too, as they always show the caring love of the mother in their commercials. Maggi soon became the top brand in the fast-food chain, and hence some fast-food counters even adopted Maggi as the dish in the Menu. In some cases there were only Maggi special food-counters and trucks, in which all the varieties are based on the main ingredient Maggi. Thus Maggi had no need for more and more publicity and marketing, as the work is done by others. Maggi had created the love for instant

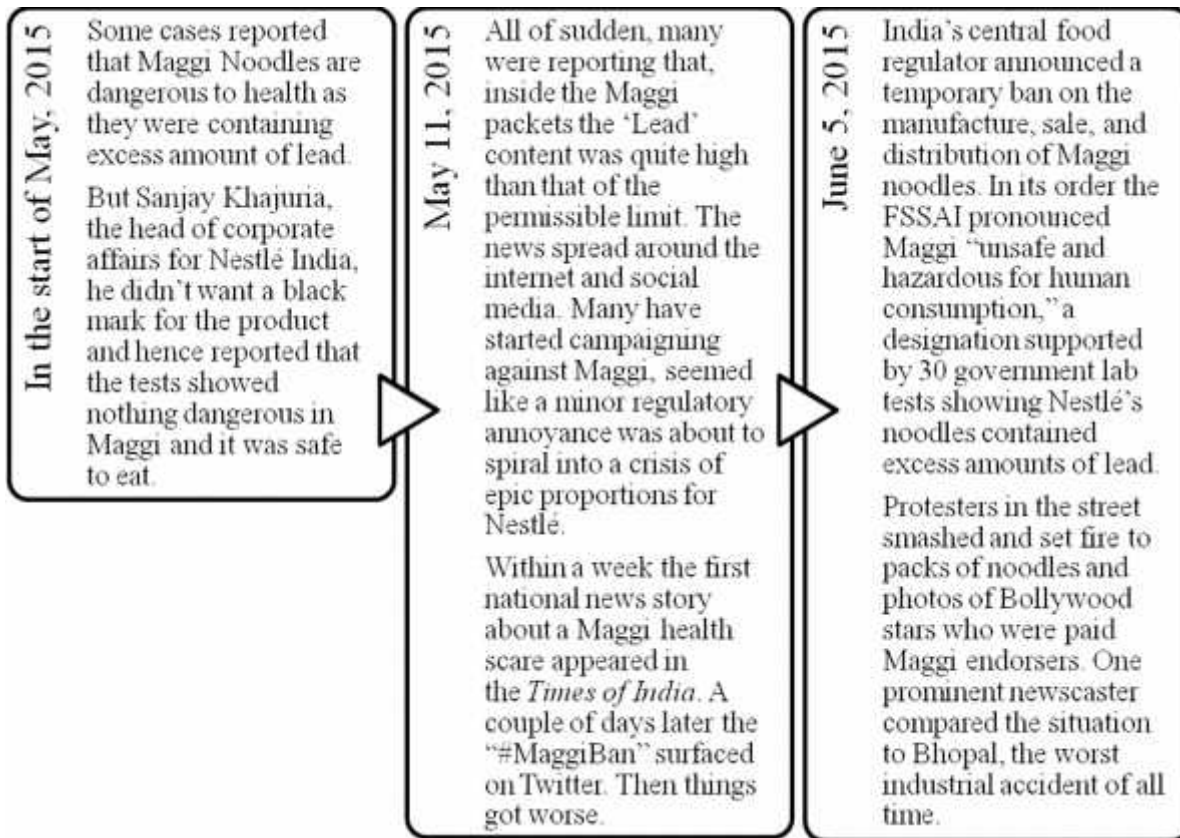


noodles in the hearts of Indians, which indeed resulted in establishment of more and more companies in instant noodles sector.

Crisis on the Head

As of the growing market for snacks, Maggi was in utmost pressure and the new products like Sunfeast’s Yippee, Knorr Soupy Noodles etc, are in the race with Maggi. And hence the monopoly has come to an end for Maggi. The branding was not up to the standards, but there was always a good image of Maggi in the public. Many stores have replaced Maggi with other brands.

Chart-2. Downfall of Maggi, India (May-June, 2015)



Source: Based on the reviews of Downfall of Maggi, India

Maggi noodles came back in the all the houses in India, but the future of the product is aimed only on the 2 cases that are filed against Maggi in the Indian court. At the same time Nestlé is still struggling to make its clear way out. To handle the situation with cases of Indian health officials, Nestlé produced voluminous tests on more than 3,500 samples which are a way higher than maximum limit, for which it says its instant noodles are perfectly safe to eat for all age groups.

Nestle, India Re-Building After Ban

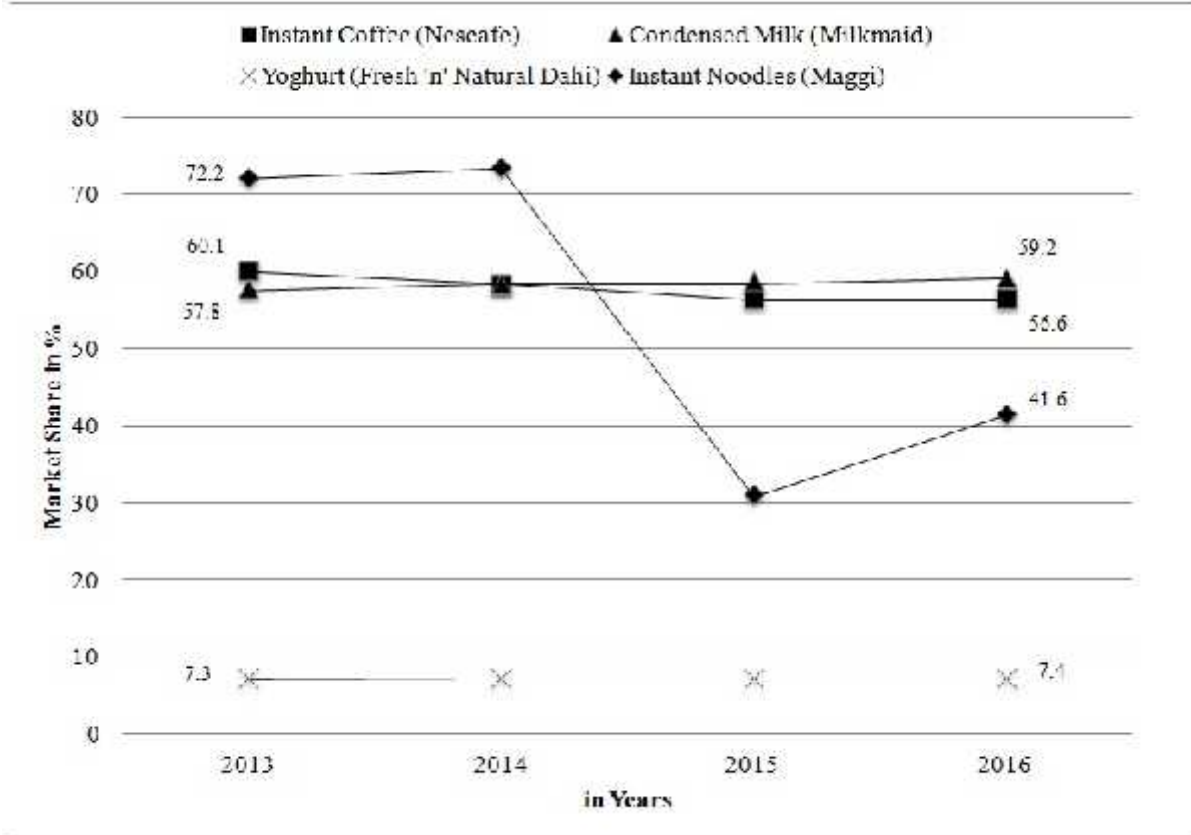
Maggi which is a Two-Minute Noodles, a popular brand it built over the period of almost 3 decades in India and loved by mountaineers, hikers, housewives and hostellers alike, had crumbled. In the month of June, 2015, the National Food Safety Regulator had announced the ban on the sales of Maggi noodles (also on all other products of it) and had even passed an order to Nestle to withdraw its Maggi branded product from the market. As the flagship product, of Nestle, went up into the flames i.e., over 38,000 tonnes, and all Maggi-branded products like ketchups, beverages, and jams too took the same amount of heat. From a great flow of 80% share of India’s instant noodles market, (as estimated by the Nomura Securities in May of 2015) Maggi’s market had fallen to zero value in just one month. “Clinically dead”, is the way, how the Nestle, India’s ex-boss (2015-16) loves to describe the Nestle of those days. Though Maggi was down, it didn’t impact on the other products of Nestle. This shows that Nestle doesn’t lost trust of the customers.



A year later

In the month, June of 2016, a year after the ban of Maggi noodles. At the Centre, Nestle SA’s global headquarters which is in Switzerland’s Picturesque Vevey, the company’s board and management officials are trying to fit a three-year strategy for the India market. As soon as it got into the majority stores the shares were at almost 42%. Later, Maggi which returned to all the houses in November has since regained almost 57% of the market, a far better from its hectic days, but still a major fight-back. As we can observe that none of the other products’ shares are influence by crisis of Maggi.

Graph-1. Graphical Representation of Nestle’s Products and Their Market Shares in India (2013-2016)



Source: Records of the Nestle’s product market shares

Marketing Strategy of Maggi, India

Marketing strategies of any company explain the process how the ‘functions of marketing’ fits in with the overall strategy for a business. Once the best strategy of all choices has been identified, then existing business must try to develop an action to turn best strategy in to reality to earn a huge round of applauses. The starting point of any plan is to set efficient marketing objectives. Marketing objectives are specific targets in the field of marketing set up by business to achieve its corporate objectives.

As 1980-2000’s generations have grown up with Maggi being their ‘special meal’, dangled before as an gift for finishing homework on time or cleaning rooms and many little things. Maggi is that brand which is known by everyone how to make and swears by, but somehow when we think of home all of a sudden, we remind mums making Maggi as a reward for us, because there’s something special about it in the hearts of people.

The real credit of success goes to Maggi’s campaigning team for pressing exactly the right buttons and confirming its presence in every household. Their advertisement strategy was well characterized, when it comes to television advertisements or even stills in the ads, they are so apt that when one who watches it, can not only feel the hot masala-filled noodles watering in his/her mouth, but can smell the taste of it too.

Maggi brand may have been acquired by popular brand Nestle way back in the year 1947, but till this day it holds centre stage independent to others and dominantly, unofficially of course. As it was viral news, Maggi has to undergo a severe



setback when the above acceptable Monosodium Glutamate (MSG) levels were discovered in the month June of 2015, after which further many tests have been performed in Kolkata. Later, as per the decision of Government, Maggi brand was removed from every store, supermarket, and 'thela shop' in the country, which caused heartbreak of millions of people. The internet was exploded with the Maggi-smuggling members and people were greatly forced to turn and tend towards other brands, less popular instant noodles brands, only to have some of them also to be taken away for their testing as well.

Five months later, i.e., October 2016, the people of India woke up to the news that the most beloved Maggi noodles were actually going to make the comeback into the market again and everyone were ready to battle it out, for the first few packets.

By the end of 2016, Maggi has almost gained its brand image in the hearts of people which existed before its ban, customer percentage and continues to be at the top of the packed food chain at that time. How did it manage to come back in to market even after such bad press and regain its former reputation? There are a few tactics it used which can teach a lot about formulating marketing strategies as well.

Using The Trust, Family Relation & Nostalgia Factors

Maggi has always made advertisements based on family to attract its customer market. Most of the ad films aims around how mothers' delighting their children with the two-minute recipe, which is everyone's all time favourite noodles with a story line of how the child was having a bad day at school or the child growing up to use the mother's Maggi recipe which is so special to them to show her that she still needs her.

After the ban, Maggi was focusing on the image re-building with the commercial on trust factor, i.e. a working woman was in video call with her mom, where her mother advices how to take care of herself in the new city. Her mother points out a mistake from everything she does and warns her to be careful. When her mother asks her what was she eating, she will say "its 'Maggi' mom". Then her mother will be satisfied as she trusts 'Maggi'. This shows that 'Maggi' was careful with the trust factor.

Another main concept revolved around is the mother-child duo (in most of the ads) strikes the users, who then subconsciously started noting the level, to which family value the product manages to sell. The first advertisement after the launching of Maggi was a mother speaking nostalgically about her child's tryst with his favourite noodles, thus additionally adding the emotional value of the customers' right there.

Even the ad regarding the reunion of friends in a hostel after 18 years, where they enter the hostel room and prepare Maggi with their juniors and have fun eating it, shows the trust and gives a nostalgia value of 'Maggi' Noodles that lies between friends.

Keeping In Touch through Increased Ad Space

After the incident of the Maggi ban, its parent company Nestle decided to spend money more than now on television commercials, which in-turn leads to growth of its ad volume to about 96 percent by September, 2015 — two months before launching of its famous noodles, according to various data estimates in their previous records. The first ever print advertisement of Maggi, added with the announcement of the re-launching of Maggi noodles was read — "Your Maggi is safe, has always been."

The New Medium for the Launch

Along with increased spending on television ad space commercials, Maggi was restless and its so continuous in its promotions of the latter re-launch on social media too. By the usage of its full force of its high held presence on a platform like Facebook, which has about 2,61,433 likes on it (on last count), and an 87,700 following on Twitter and the count goes on never interrupting.

Making It Exclusive

Like with everything else, the consumers thrive on the feeling of owning a product or service 'exclusively'. Maggi was completely tactic in its decisions like playing smartly when it decided to take this into account by making a deal with Snapdeal, which became the one and only platform where Maggi packets were sold before its packets have been sold officially in all stores, super markets etc. This raised its demand to heights and customers were trying to bid each other at higher prices to become owner of Maggi packets, sometimes even paying more than maximum retail price, to get it before it goes out of stock. Maggi thus made the stage for its re-launch into the markets of India.



The consumer are back delighted with their favourite pack of instant noodles even without having a single thought about the cases filed on it that it was banned for the safety of the health, a little over a year ago. Not only Maggi regained its reputation and it also got back a steady customer base, it taught many things about smart marketing!

Comeback with a New Strategy

After the ban, many competitors of Maggi had gained their market in India. Coming back into such a heavily competitive market where it lost its trust from the consumers is very difficult. Thus Nestlé got worried about the crisis and it soon decided to achieve the hearts of Indians again with their trust and quality. Hence Nestlé took the case seriously and made the steps with utmost care. It thought that getting back into the previous position is only possible by winning the trust on the quality of the products back. Then Nestlé perfectly came back with a surprising step and stated that, “Health and safety of our consumers is our highest priority. We have built our brand image around the world for almost 150 years by providing products that meet the food quality to the peaks and also able to reach safety standards. Nestlé has been in India experiencing markets ups and downs for over 103 years and Maggi Noodles has been a trusted brand in the hearts of people of India for over 33 years. We strongly reiterate that Maggi Noodles have always been safe for consumption as per the results of the tests carried out in independently set-up accredited laboratories, our own accredited laboratories (over 3500 samples have been tested) and by six (including USA, UK and Singapore) national food authorities. As per the directions of made by honorable High Court of Mumbai, samples of Maggi more than legal limit were tested at laboratories and were found to be in order.”

On 13th January, 2016, the Honorable Supreme Court of India directed the NABL accredited Central Food Technological Research Institute (CFTRI) to confirm whether the results of the sample tests that were made on Maggi packs, showed that the monosodium glutamate (MSG) and lead levels to be well within permissible limits. The results from the tests were forwarded to the Supreme Court of India on 11th April 2016, which then stated that the 29 tested samples of Maggi showed the lead levels to be well within permissible levels. It also confirmed that there was no prescribed level for Monosodium Glutamate (MSG) exists and it can also be used under almost all of the Good Manufacturing Practices in the permitted varieties of food products.

Maggi’s first advertisement after the ban was aimed at mothers. Its first advertisement outburst, estimated by media buyers at Rs.40-50 crore, Maggi, the popular instant noodle brand from Swiss multinational Nestle SA’s portfolio, is finally launched in the Indian market. In its ad films, Maggi—estimated by the media buyers to be worth over a Rs.1,000 crores in the brand value—makes a point of its safety record.

The comeback campaign mainly aims to re-assure the previous consumers of Maggi that the brand is safe to consume. Nestle had announced the re-launch of Maggi at the retail outlets across the country, barring the eight states, where it was still then banned. The company also said that it is actually engaging with these eight states for specific reasons and directions.

The product was once again put back on the shelves of the stores in the country and the Maggi ads with tagline #LetYourMomKnow went on air through almost all types of media. One of the ads, shows a mom (mother) narrating a tale about her son tip-toeing in the night to cook Maggi. But she lets him cook; because she wants that he won’t go to bed hungry. However, when people pose questions about the product’s safety, she wondered if she did the right thing. But as soon as Maggi cleared all the safety tests, she felt she had passed a test too.

In the official website of Maggi, India, it states, “The brief was simple: to keep it simple. Re-assure consumers that ‘Maggi is safe and always has been’. They were so clear that they need to connect with the consumer market and make them believe about the facts in a simple, authentic way.”

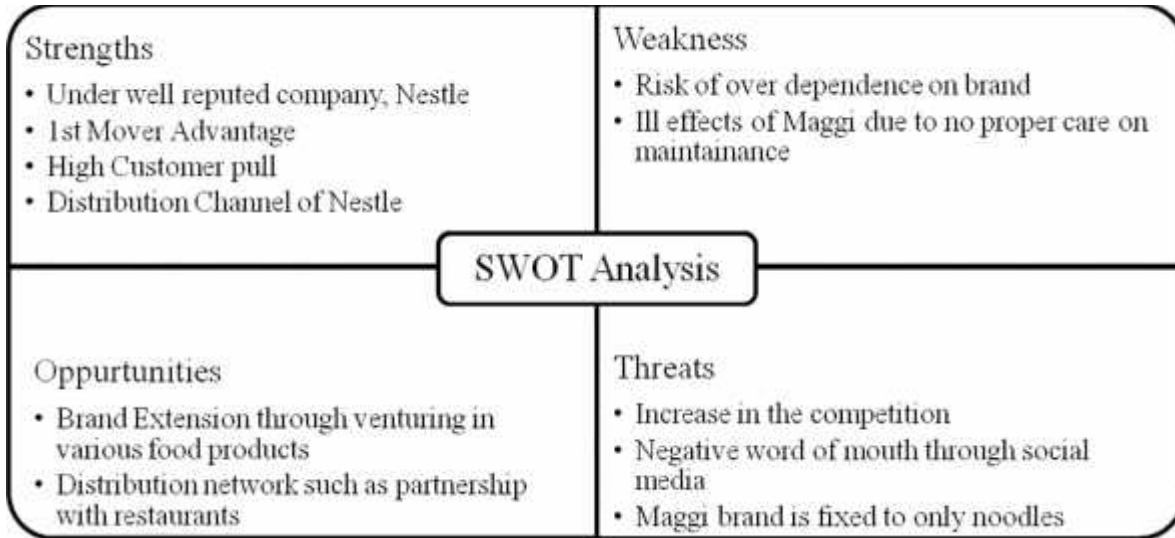
Moving on leaving bad situations Nestle has released three Maggi ads on television. But television will still get the lion’s share of visibility. Television always being as the key medium was to achieve the reach of messaging citizens of India. Maggi, being a very widely distributed and consumed brand among the most of the people in Indian market, they used the television media to convey their message to consumers. Parallel to that, digital and social media Facebook, Twitter etc, took a prominent role in reaching younger audiences.

The Maggi Company had partnered with Snapdeal to make notice of the re-launch. A news report by Press Trust of India said 60,000 welcome kits of Maggi had been sold in Snapdeal. Snapdeal had made an announcement that it will sell Nestle’s Maggi by unique “flash sale model” as the maggi noodles brand re-launched after almost long gap of five months. While the registrations for Maggi’s welcome kit (containing 12 packs of Maggi, a Maggi fridge magnet, a 2016 Maggi calendar, Maggi post cards and a ‘Welcome Back’ letter) was opened on 9th of November, 2016 in snapdeal, where the first sale is after 3 days from the day of release i.e., on 12th November, 2016.



In response to the consumer preference for the products without Monosodium glutamate (MSG), they have taken the decision that, where none is added, which they actually made it clear on the label of the pack. However, in view of the recent confusion, when the product returns to the market it will not contain this claim.

SWOT Analysis of Maggi, India
Chart- 3. SWOT Analysis of Maggi, India (2016)



Source: Study based on review of contents in Internet bodies

Conclusion

Up's and down's are common in the business, as Nestle is concerned, it ruled the world with its food and beverage products. And specifically Maggi is taken in to account, the advertisements are very influencing and they are definitely the backbone of the profits. And the unique taste of Maggi is the one best thing that led to the profits. It is in India since 34 years and due to the negligence and the faults, it lost its standards. But it tried to comeback with a good start, but the company knows that it takes time to get back. But in this competitive corporate world it is very difficult to get back to high standards. But Nestle is giving the best to attract the consumers to buy the product by their advertisements on the sentiments, which Indians were made of. Due to its fast preparation time, Maggi attracted mostly the working women and the travelers. Maggi was very famous in the hill-stations of India, like Himachal Pradesh, and the mountain ranges. Maggi was cooked and sold at many local fast food stores at the mountain ranges and also in some cities.

Coming from such a brand like Nestle, Maggi has to be trusted, besides of its foreignness that India had never seen before. The Maggi's promotional campaign was the first to recognize the profile change of middle-class women (housewives) in India. Maggi had gained its image across India and soon it was in every home and every heart. Within the time period of 25 years, Maggi was able to rule almost 90% of the instant noodles Indian market. And after ban, on 28th January, 2017, the share was at 60% (as reference to Times of India).

Nestlé has a long history and very high reputation in Indian market. Despite of these, when the NGO's and the customers frequently complaining about the disrupting amounts of 'MSG' and lead in the 'Maggi Noodles', the government didn't take any immediate action and hence the company's executives managed to misread a fast-moving situation at every point. And then all of a sudden government decision of banning Maggi noodles all over India, over a night, made a sense that Maggi's case study is certain to be studied by all MBA students and executives of public relations & marketing looking for lessons for years to come.

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