



IMPACT OF BRAND IMAGE ON DOMESTIC AND EXPORT SALES OF NESTLE INDIA

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Abstract

The aim of this paper is to study the importance of packaging and brand image on brand loyalty of the nestle company in India. This study focusses on sales of nestle in India over period of years. The company has shown a very good growth over the last few years and despite its recent problem with Maggi.

As consumers, we play a vital role in the health of the economy local, national or international. The decisions we make concerning our consumption affect the demand. Maggi is an international brand of seasonings, instant soups and noodles owned by NESTLE since 1947.

The Maggi controversy has shattered many hearts, as found MSG and Lead more than standard limit. Reeling under the Maggi ban, Nestle India had reported 60.1 per cent decline in standalone net profit at Rs 124.20 crores for the third quarter ended September, 2015, Fall in share prices and panic in the market etc. But after coming back, it was concluded from the study that Maggi is the most preferred noodle brand among noodle consumers. 82% people still trust Maggi beside all the adulteration and controversy.

A study showed that beside the entire quarrel faced by Maggi, consumer's opinion about their loved product didn't change much. They kept supporting and were eager for its comeback. Infact only 28% people witnessed variation in their consumption while all this controversy had no impact over the consumption pattern on rest of the population.

This similar effect is also seen among its other brands nestle milk is one of the most trusted brand in India. Though it had lost much to Maggi scenario it still managed to put an increased growth in sales from the year 2015-16 (i.e. 10,000 million rupees).

Key Words: Domestic Sales, Export Sales, Market Capitalisation.

Introduction

This report analyses the financial reports, annual reports, published information for the press and all the information made available by the company to study the impact of brand image on its sales over years. The main focus is to analyse the financial strengths and weaknesses of nestle India by having a good look at the balance sheets of the company. Financial analysis can be undertaken by management of the firm, or by parts outside the firm. Financial statements provide small business owners with the basic tools for determining how well their operations perform at all times. Many entrepreneurs do not realise that financial statements have a value that goes beyond their use as supporting documents to loan applications and tax returns. The focus of the financial analysis is on key figures in the financial statements and the significant relationships that exist between them.



Statement of the problem

Finance is the blood of the business hence without proper utilization of finance the enterprise is not serialized. As management serves as a nerve for the business which brings proper flow of finance for the effective management of fund circulation. The process of estimating the funds, creating the sources of funds and distributing it should be done on effective basis. So we make an analysis with Nestle India to find out the effective utilization of funds with given financial policies during the period of Maggi and also look their decisions over years. We decided to make an analysis on the financial aspects of Nestle India in the fluctuating scenario.

Objectives

1. To analyse the sales of company for different periods.
2. To know other effects that impact sales for the company.

Company profile

Nestle is a public limited company. The company is based on food processing and its headquarters are located at Vevey, Vaud, Switzerland. It is the top most company that is based on food processing section. In India nestle is one of the most trusted brand in food section department and also it is the most loved brand in India. In the year 2014 it's been ranked at 72 on the fortune global 500. This rank has improved and it was listed as 33 in the same fortune global 2000 which was listed for the largest companies in the world. Nestle India produces from dairy products, ice cream, frozen food, snacks, chocolates, pet foods and most popularly used as tea and coffee in India. Also it produces medical food, baby food, cereals for breakfast and even bottled water. Nestle has over 500 factories operating in 194 countries and more to come. It employs around 340,000 people.

Nestle was founded in the year 1905 by merging anglo swiss milk company and farine lactee henry nestle. This means it has been over 100 years since its establishment. Nestle has earned a lot of trust in these years.

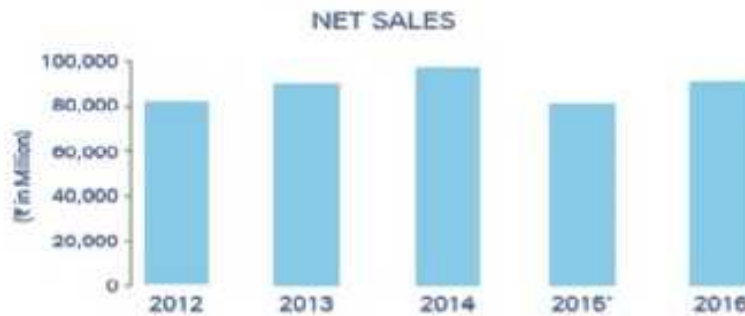
Sales per product

1. 20.3 billion Powdered and liquid beverages.
2. 16.7 billion Milk products and ice creams.
3. 13.5 billion For prepared dishes and cooking aids.
4. 13.1 billion Nutrition and health science.
5. 11.3 billion Pet care.
6. 9.6 billion Confectionery.
7. 6.6 billion Water.

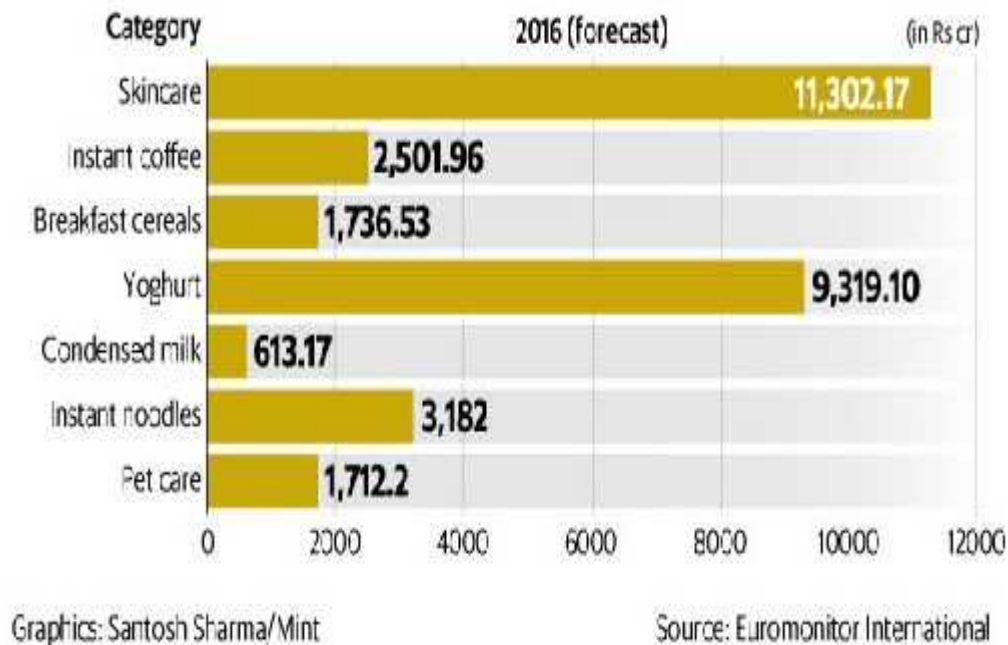
These sales are distributed as 43% in Americas, 28% in Europe, 29% in Asia and Africa combined.

Data analysis and Interpretation

The analysis and interpretation of financial statements can be done in various methods. In this paper we are following two methods which are ratio analysis and trends analysis.



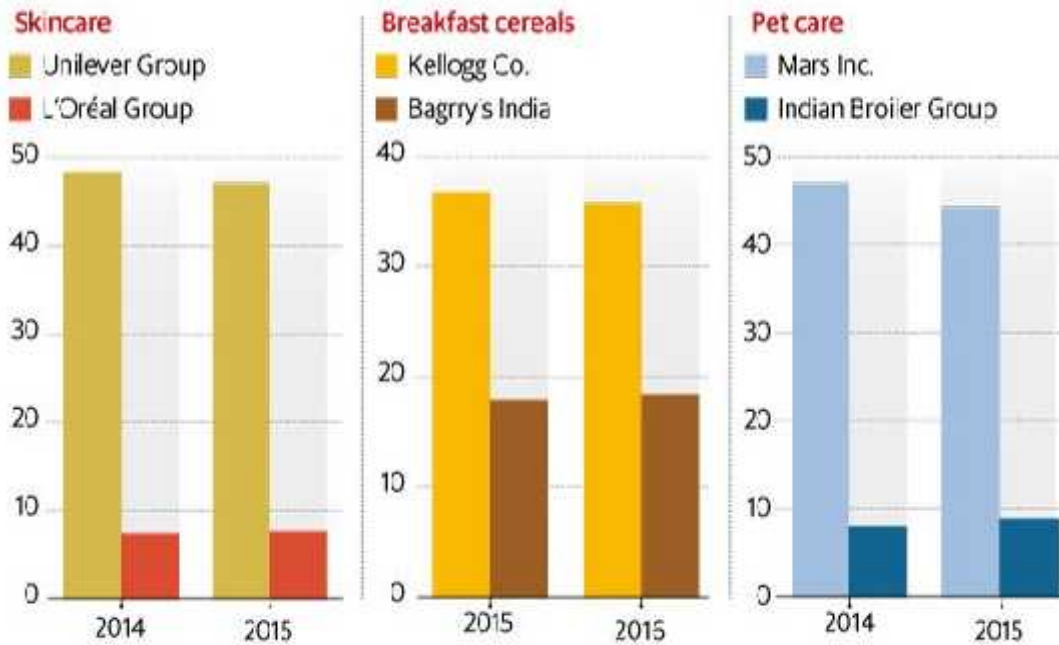
These sales are representing many net sales of nestle in India during the period of 2012-2016. If we observe the sales pattern they are shown in millions of USD. It is only after the compromise of Maggi which is one of the top selling food product in the previous year's i.e. only after 2014 nestle has shown decline in its product sales in domestic market. If we see closely this dip in sales is very bad such that even the sales dropped further below than the past few years.



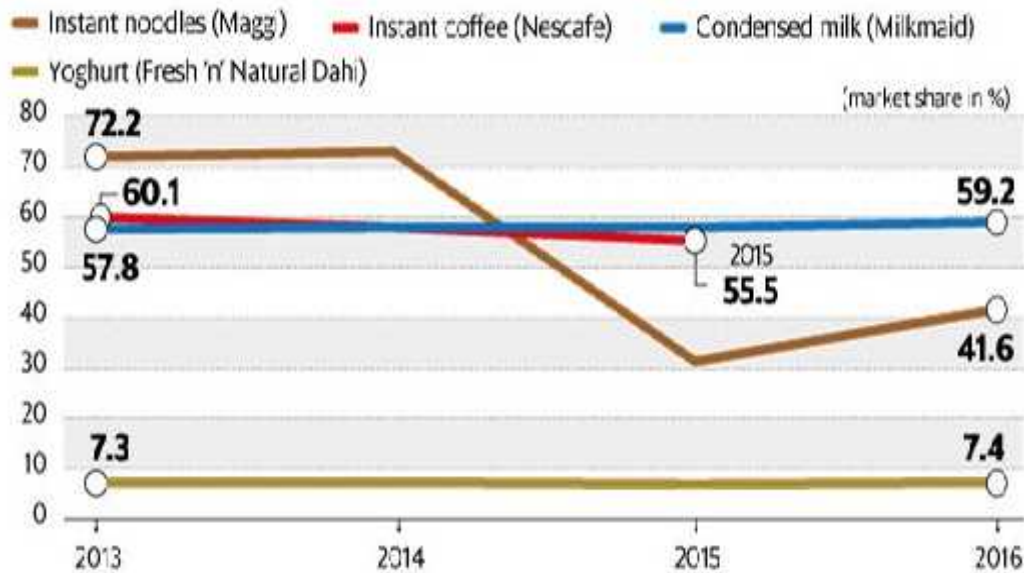
Slowly nestle started to work on different product categories after the downfall of the product. They started concentrating on various product categories like skin care which wasn't their best selling product.



Top two firms in the new categories Nestlé intends to tap



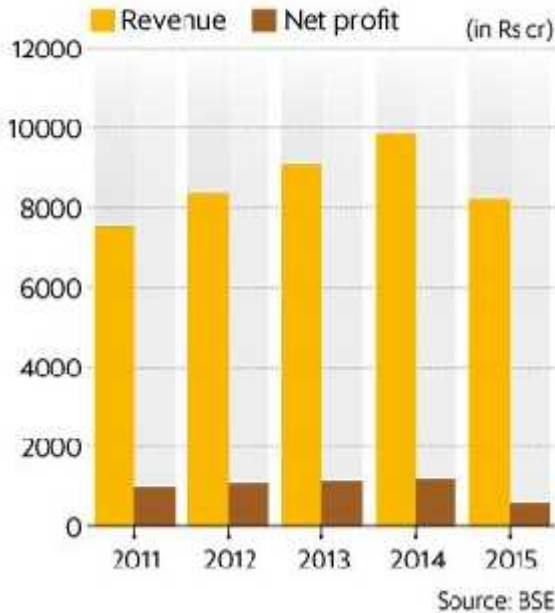
Later they have to compete with various brands that are already available in the product line market which they are trying to expand their horizon. Brands like Unilever group, L'Oreal group, Kellogg, Baggry's India, Mars Inc., Indian broiler group etc became the major players which gave competition to the nestle in India.



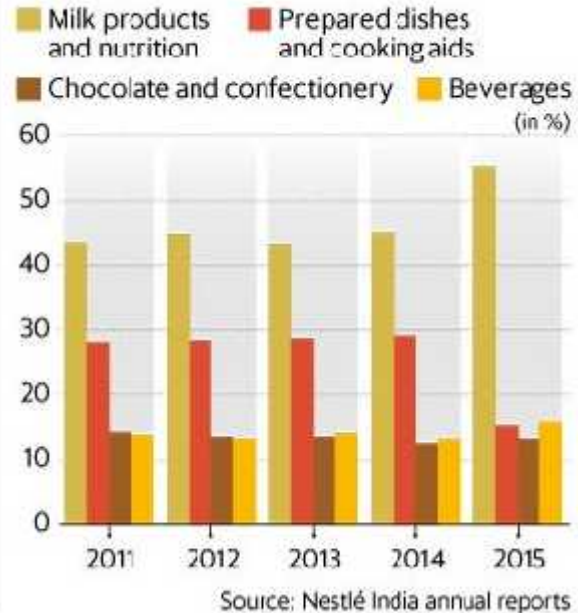
A clear view for the actual product that nestle has sold in India gives an insight that nestle is clearly struggling with its sales in market.



Performance metrics



Category split



Conclusion

Nestle has struggled a lot with brand image in the recent past years. But the growth in 2016 shows that if nestle can make things right with its decisions then they can be pretty sure with their existence in the market. They may not gain the same market place in that particular food line up. This is because of the existing players after the downfall of its products. For at least a couple of years nestle should cling on to other product categories. Or may be a reintroduction of product with a different name may show some sales.