

AN ANALYSIS OF THE ENVIRONMENTAL FACTORS OF NESTLE

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ABSTRACT

Nestlé employs 6,500 people across 20 sites in the UK and exports up to £300 million worth of products to 50 different countries each year, making it one of the UK's leading food exporters. Six years later in 2008, Nestlé UK bought Ski Yoghurt from Nestlé Australia and the relaunch of Ski Yoghurt was made possible by the use of only natural ingredients and the absence of artificial colours, flavours or preservatives in the relaunch.

Keywords: Nestlé, largest, food, corporation Nestlé, the largest food corporation

I. Introduction

Nestlé, the largest food corporation in the world, has had a presence in the United Kingdom since the 1860s. Nestlé, the Anglo-Swiss Condensed Milk Company, and Rowntree's of York were three of the founding Nestlé enterprises. Anglo-Swiss Condensed Milk Company and Nestlé amalgamated in 1905, resulting in Nestlé's success in infant formula, chocolates, and canned milks. Nestlé introduced Nescafé to the United Kingdom in 1939, and it was an instant hit. When Nestlé bought Rowntree's of York back in 1988, they put over \$200,000,000 into that location and another \$100,000,000 into their Tutbury plant. As of 2011, Nestle has spent £224 million on its UK facility between 2006 and 2011.

II. Nestlé's mission

'Good food, good life' is Nestlé's mission statement, and it is backed up by the phrase. Nestlé supports the need to show a dedication to quality, safety, and convenience for the customer in order to increase their pleasure of the food they manufacture (Silva, 2019). This is a major priority of the firm and is backed by the firm's capacity to "move beyond compliance and sustainability to generate new and greater value for our employees, our shareholders, and society as a whole," as stated in the company's mission. Nestlé's integrated strategy is supported by this declaration, which recognises the firm's obligation to the larger external environment, which goes beyond a basic desire for profit.

III. MACRO environment analysis

PESTLE Analysis

There are a variety of factors that drive industry dynamics, as outlined in the PESTLE study below. Social factors, which relate to variances in consumer behaviour, are possibly the most important of these influences (He, 2018). As a multinational company, Nestlé must be able to adapt to varied markets driven by different cultures and customer tastes. This is a challenge for the company.

<p>Political</p> <p>Regulations governing food safety and marketing are constantly evolving.</p> <p>Internationalization poses a danger to government stability in newly developing countries.</p> <p>The evolution of global regulations: standardisation and adaptability to political pressures.</p>	<p>Economic</p> <p>Inflation, economic growth, and income levels all change throughout time.</p> <p>The emergence of the cost-conscious customer and the changing budgets of consumers.</p> <p>Increase in raw material costs as a result of a growing demand for environmentally friendly products.</p>
<p>Social</p> <p>When the government starts promoting healthy eating and sugar reduction, people will begin to shift their purchasing habits in that direction.</p> <p>In today's age of ease, it's time to return to home cooking and promote quality family time.</p> <p>The necessity to adapt to varied cultural contexts, such as language, religious views, and family structures, among other things.</p> <p>In order to provide a customised approach to marketing, an understanding of customer behaviour is essential.</p> <p>People see the company as a source of power in the larger community.</p>	<p>Technological</p> <p>The rise of social media and the ability for customers to communicate with companies on a variety of venues.</p> <p>Technological advancements are a driving force behind new ideas.</p> <p>An online marketplace may be used as a vehicle for growth.</p>
<p>Legal</p> <p>Regulators are rethinking their approach.</p> <p>Second, the need to keep up with worldwide legislation and developments in various foreign marketplaces.</p>	<p>Environmental</p> <p>Corporate social responsibility (CSR) has received more attention in recent years.</p> <p>Consumers' environmental issues, such as concerns about packaging and recycling, are a factor.</p>

IV. MICRO environment analysis

Industry (Five Forces) analysis

Intensity of Competitive Rivalry Nestle works in a highly competitive food business. Nestle's main competitors include Kraft Foods, Procter & Gamble, and the Danone Group. Some items, such as morning cereal, have

specific rivals, such as Kellogg's, who compete with those products. Nestle, which has been in the sector for more than 150 years, nonetheless faces competition from these other brands (Khan, & Srivastava, 2018). Their market share is substantial. A lot of money goes into advertising and marketing, especially at the time of a new product launch. Product diversity, creativeness, promotional offers, and so on are all factors in the competition. Market share is at stake for every participant in the sector. As a result, Nestle's competition is fierce.

Suppliers' Power to Negotiate - Low we've got a lot of Nestle products in the market. Since so much is needed, it demands a huge amount of resources. Because of this, it is a great customer for providers. It is therefore not possible for any supplier to meddle with the pricing of Nestle once it has begun supplying the company (Al-Taimur, 2018). Nestle, on the other hand, values and cares for its suppliers. For the sake of product quality, Nestle seeks long-term relationships with its suppliers. To transfer suppliers, Nestle would incur just a modest switching cost due to the fact that it would be required to enter into new contracts and assure quality from the new source.

Buyers have a lot of negotiating power. High competition means that buyers have more ability to negotiate. If Nestle or any other company seeks to influence the market by raising the price of their product, consumers may easily move to a competitor (Varma, & Ravi, 2017). Consumers have a cheap switching cost. Similar items are sold by a variety of firms. Nestle appreciates the importance of the buyer and works hard to keep Nestle customers happy. Many of Nestle's customers have been devoted to the brand because of these factors.

There is a high risk of substitutes. Replacements for many Nestle items, such as pasteurised milk, are easily accessible. Many items, such as infant food, may be substituted with homemade alternatives (ALIU, & AKINLEKE, 2018). Some Nestle goods have also been accused of being unfit for human consumption. People who are concerned about their health are now more likely to choose alternative products. So as to combat the replacements, Nestle emphasises the healthful qualities of their goods. It's safe to say Nestle is under danger from competitors.

V. SWOT Analysis

	Positive Factors	Negative Factors
Internal Factors	<p>Strengths</p> <p>The firm's integrated approach to business and dedication to its stakeholders has resulted in strong cultural values.</p> <p>This strategic position is underpinned by three major areas of business: quality leadership, customer happiness and sustainability.</p> <p>For example, "long term commitment never surrendered for short-term performance" is referenced by Nestlé in their corporate social</p>	<p>Weakness</p> <p>First and foremost, Nestlé's goods have been criticised for their nutritional content. Nestlé would benefit from revisiting a number of their goods to fulfil their objective of 'good food and good life' amid a changing social climate, such as increased levels of kid obesity. 'Good food and good life'</p> <p>As a result of the so-called infant milk controversy, Nestlé's recent history has been marred by bad press. According to a recent report</p>

<p>responsibility policy.</p> <p>A wide variety of brands to choose from.</p> <p>The amount of strong brands in the company's portfolio is a major factor in the company's global awareness.</p> <p>Nestle's brand reputation is estimated to be worth \$7 billion.</p> <p>As a result of Nestlé's lengthy history, it holds a special place in the hearts of its customers.</p> <p>Insights about the company's progress in building trust and loyalty.</p> <p>The company's strong collaboration fosters high levels of job satisfaction and loyalty among its workers.</p>	<p>by jji, the issue had 'grown up but not gone away.'</p> <p>The company's worldwide supply chain must be stable and consistent in order to be effective.</p> <p>In order to meet international standards, a company must be able to adapt to a variety of cultural situations.</p>
<p>External Opportunities Factors</p> <p>Nestlé's work in emerging economies exemplifies this ability to expand into new consumer markets, particularly internationally.</p> <p>There should be more internationalisation, with an eye on growing markets like those in the BRICS countries (Brazil Russia, India, China, and South Africa).</p> <p>Development of intangible capabilities with the purpose of enhancing competitiveness. To get a competitive edge, according to Jji, a company must demonstrate its inimitability.</p> <p>To obtain additional control over the company's supply chain, backwards integration was implemented.</p> <p>Distribution channels can be developed in a novel way.</p>	<p>Threats</p> <p>Increased buyer power in the business due to increased competition and less customer loyalty.</p> <p>The firm's capacity to maintain pricing in light of a commitment to broader duties, such as CSR programmes, is influenced by fluctuations in raw material costs.</p> <p>Increased external macroeconomic dynamism fuels quick decisions and increased competitiveness.</p> <p>Technological change is fuelling both innovation and the problems that come with it.</p> <p>The demographics of the workforce are changing as a result of an ageing population.</p>

VI. Recommendation

Sweets and chocolate bars are only a few of the confections that Nestlé makes. As a result, Nestlé and the UK government will work together to ensure that a clear marketing message is sent for such delights to be consumed in moderation (Kee, *et al.* 2021). However, Nestlé's strengths outweigh its limitations, and strategic efforts are being taken to address several of their flaws. Recognizing opportunities and challenges enables a debate about internationalisation, particularly in emerging markets, where there are many possibilities for growth. It is also possible for a company to further build its sustained competitive advantage through the development of intangible and distinctive qualities. In addition to looking at Nestlé's prospects, it is also important to take a look at its risks (Zhu, 2020). The SWOT analysis found that one of the main dangers to the sector is the ever-increasing degree of competition and the problems that come from it. There are several factors to consider, including the amount of dynamism and turbulence that the company must cope with.

VII. Conclusion

To maximise Nestle's profits, the firm has to capitalise on its distinguishing capabilities, or the special skills that enable it to outperform its competitors in terms of productivity, quality, innovation, and responsiveness to its customers. Nestle can reap substantial profits by bringing its competences and goods to international markets where local competitors lack the same capabilities and items. It is possible for Nestle to benefit from location-based economies. When a value-creating activity is performed at the best location for that activity anywhere in the globe, the result is a location economy. When an activity's location is ideal, the cost of value creation is reduced, which helps the organisation reach a low-cost status. However, Nestle must first consider the fundamentals of entering a new market. On the basis of long-term profit potential, the corporation must choose between several international markets. Nestle needs to weigh the advantages and disadvantages.

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