

SCP ANALYSIS OF



MADE BY:

SADHANA(1974)



INTRODUCTION



Hot favourite among all the children in the country, noodles have come a long way since their introduction in 1983. In a very pioneering move Nestle created instant noodles category in mid 1980s when they launched Maggi brand in the Indian market with the challenge of entering a market that was conservative and had typical notions about food consumptions, this product still managed to gain some space in almost every Indian kitchen. Being **the first mover** the brand become **category representative**. To many people instant noodle is Maggi. Maggi was positioned as 'fast to cook and good to eat' 2 minutes noodles. Consumed in almost every Indian household, Maggi, which was initially considered a snack, had taken the place of a staple diet in many Indian homes. Owing to the fast paced lives today, packaged and ready-to-eat foods are gaining quite a formidable share in the Indian food market. It goes without saying that Nestle India's Maggi is still undoubtedly the top noodle brand in India. It has been dominating the Indian noodle industry for almost 32 years.



STRUCTURE



According to market experts, Nestle India's Maggi noodles, which has been dominating the instant noodles market in India for nearly three decades, is currently witnessing tough competition with a number of new entrants.

Competitors

Sunfeast YiPPee! (ITC)

Ching's Secret instant noodles (Capital Foods)

Knorr Soupy Noodles (Hindustan Unilever)

Patanjali Atta Noodles (Patanjali)

Joy Mee Instant Noodles (Mayora)

Wai Wai Noodles (Chaudhary Group)

Scoopies (Nissin)

Top Ramen (Nissin)



MORE ABOUT THE COMPETITORS

- In 2015, Maggi got entangled in a major controversy when a few samples of Maggi were tested and found 'unsafe and hazardous' for human consumption. It was followed by bans on Maggi in many states across and outside India. Though Nestle denied the allegations that Maggi was 'unsafe and hazardous' to human health, it pulled back all the stocks from across the country. During that period people tried alternatives for Maggi and brands like Yippee! made their place in the hearts of noodle lovers.
- Ching's secret noodles have a unique taste which is very spicy and loved by Indian fast-food eaters. Using celebrities like Ranveer Singh helped the brand to grow as he is followed by a large segment of youth in the country.
- Knorr introduced the soupy noodles concept which is loved a lot of noodle lovers as it gives a new taste. Getting the taste of soup as well as noodles at the same time makes Knorr noodles a good combo.
- Patanjali claims that their noodles are healthy and can be consumed by people without any fear of the harmful effects of eating noodles. Launching atta noodles in a lighter taste does make sense in a market where other companies are focusing on spicy taste.
- Nissin Scoopies also provide a different taste as compared to normal noodles. Scoopies are short noodles that are different in its size and shape.
- Joy Mee is a new brand in instant noodles market and is the very first that comes with crispy onion toppings. Its interesting TV commercial attracted a large amount of audience to try this noodle brand for a single taste check.

It'll be difficult to turn the Maggi loyalists, agreed. But the new age consumer will force them to keep reinventing the wheel to combat competition that's coming up with new flavours and variants every six months.

Product Differentiation

- **Maggi- “Fast to cook(2 mins) and good to eat”**

It offers distinctive advantage to mothers in terms of ‘fast to cook’ proposition. All that Maggi needed was two minutes boiling time and adding of a tasty masala called ‘taste maker’. For kids, the brand offered ‘good to eat’ proposition.

- **Soupy Noodles- Fun of noodles with the health and goodness of soups**

It boasted of a unique product in instant category and aimed at combining the fun of noodles with the health and goodness of soups. The brand positioned itself as noodles with soup for children to satisfy the in between meals hunger pangs.

- **Foodles- Nutritious Instant Noodles**

GSK the makers of Horlicks entered the instant noodles market with their Foodles brand. GSK continuing with health and nutrition platform created Foodles. The brand’s launch was based on research inputs that instant noodles were not considered healthy and serving them induced guilt in mothers. While the positions of convenience and taste were already occupied, Foodles sought to play the game on nutrition positioning.

- **Yippee- non sticky tasty noodles**

Maggi came in rectangular shape. It needed to be broken into two pieces for placing it in the pot for boiling. Pots used in kitchens always come in round shape like frying pan and cookers. This broke noodles and rendered them small in length. Second, kids often do not eat the noodles immediately. Noodles are also taken to schools in tiffin. Maggi noodles if not eaten immediately tend to turn lumpy and soggy with time. They stick together which was not really a fun to eat. Yippee was positioned as noodles for the curious kids as long noodles which can be played around with while eating. The brand communication very cleverly but subtly aimed to promote its unique points of differentiation as longer non sticky tasty noodles which are ‘play’ to eat.



CONDUCT



Strategies

They initially promoted the product by distributing free samples and giving gifts on return of empty packets.

Effective tagline communication: It is positioned as a convenience product for parents and a fun product for the children. (fast to cook good to eat)

Low pricing strategy: There are certain sacred selling points for FMCG companies. This includes Re 1, Rs 5, Rs 10 etc and these usually remain unchanged. These price points are tools to induce consumer trials and address the needs of rural and low-income consumers. Hence, companies tend to protect these price points. For companies, a slight change in these price points mean risking not just consumer psyche but also of store owners which sell these products. These price points become memory points as well. The moment this price point is altered, even by 50 paise, there is a jarring effect in the minds of the consumer, retailer, and indeed the entire trade channel. Brands, therefore, tend to maintain these price points.

Reduction in quantity instead of increasing price To make up for changes in raw material, rising inflation etc companies tend to reduce the volume of the products while maintaining the revered sacred price points. In effect, the customer is getting lesser for the same price paid. This happens across FMCG categories including biscuits, packaged snacks, cosmetics and others. While the noodles used to sell for Rs 10 for a 100g pack, today it is only a 70gpack for Rs 12. However, at onetime, Maggi also sold 70g product at Rs 10, but at the time of the last price hike, Nestle decided to actually increase the price rather than decrease weight.

Maggi noodles and seasoning caters to the bottom-of-the-pyramid segment by selling Rs 4 and Rs 2 packs at select low-income markets like Mumbai's Dharavi.

Advertising, Research and Development(Product Innovation)

Maggi has been advertising so efficiently that they managed to check all the boxes in visual branding. Be it creative packaging, colour selection, logo consistency — they are spot on.

Colour selection(red and yellow)- bright, attractive scientifically known to induce hunger in human beings.

Logo consistency- remained unchanged since its origin with such a consistent logo and colour elements, every age group will be able to relate with the brand over a period of time, evoking nostalgia.

Packaging- creative & establishing personal connection Maggi ran a campaign “Meri Maggi 2 minute mein Khushiyan”. Where in they featured short personal stories from customers on its wrapper and marketed it country-wide, making an emotional bridge. At times, their packaging also consisted of various tools of sales promotion like color pencils, sketchbooks & fun toys which worked wonders especially in enhancing the brand reach among students & kids.

- 25 new variants since the Maggi crisis (Masala, Something-For-Everyone, Nutrilicious, Asian inspired)
- Different pack sizes



Performance

Profitability and Market Share

As stated by a top company official Nestle India's instant noodles brand Maggi has attained over 60 per cent market share and almost touched the pre-crisis level in value terms. However, volume-wise Maggi is still away from the pre-crisis period, when Nestle used to dominate the market with 75 per cent market share.

Crisis turns into opportunity

Nestlé India shares have got a fresh lease of life after the Maggi noodles ban setback in 2015.



For calendar year 2019, H1 net sales have been annualized, market cap as on 30 August

Source: Capitaline, Mint research

THANK

YOU