



## A conceptual paper on the marketing mix of 'Maggi'

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### Abstract

Nestle product 'Maggi' has positioned as a convenience product in the consumer's mindset. It has been expanding its customer due to its availability, taste, brand image, affordable pricing and diversified product portfolio. The brand comes under the growth stage of product life cycle as it is still making modification to revamp the product as a healthy item. Even after a lot of controversies on Maggi noodles, its market share has been coping up even after the Maggi ban in 2015. As it has a market penetration, it is slowly going towards the maturity stage as it has become the market leader because of its 1<sup>st</sup> mover advantage in this sector. With its diverse product, it is increasing its share day by day. The product has a huge scope if it enters the rural market as it is unexploited. It has divided the customer in the heterogeneous market into homogenous set of people on the basis of eating habits, age, lifestyle and needs. So in this conceptual paper we will discuss about the price, promotion & product strategies including the controversies which happened in 2015-16.

**Keywords:** convenience product, market penetration, homogenous and controversies

### 1. Introduction

#### 1.1 Product

Maggi is one of the most popular and leading food brands from Nestlé. Maggi has introduced a wide range of products as per the taste and preference of the consumer and it has customized the products for each country. Nestlé has introduced products such as Maggi instant noodles, Sauces, bouillons cubes, Seasonings and Maggi soups. These products are a hit and stood upon the expectation of the consumer. As children being their major customer, Maggi has got an advantage as they don't need to change much of its flavor and has kept the taste constant from the past years.

#### 1.2 Instant Noodles

Maggi has introduced very popular and different range of products; under this category are Chicken Noodles, Vegetable Multigrain Noodles, 2-minute Noodles, Oats Noodles, Cuppa Mania, Atta Noodles, and Hot Heads Noodles. The 2-minute Noodle is the backbone for Maggi for this category. This flagship product is available under five different variant which are Chicken, Masala, Romantic Capsica, Tricky Tomato and Thrillian Curry. Maggi Vegetable has added vegetables and is rich with fiber, calcium and protein. Maggi Atta Noodle is a healthy variant of Maggi noodles that has added vegetables with fiber content in it. Maggi Cuppa Mania has two variants Masala i.e. Yo and Chilly Chow Yo.

#### 1.3 Soups

Maggi Healthy Soups are available in six different varieties i.e. Rich Tomato, Sweet Corn Vegetable, Creamy Spinach, Cream Of Mushroom, Mixed Vegetable, Hot & Sour Vegetable. This new range of Maggie soups are made using Nestlé's new granulation technology which helps in keeping the freshness of key ingredients and this makes Nestlé India to

be first to use such technology in the Nestlé world. These soups are low fat and cholesterol and have no artificial color and preservatives.

#### 1.4 Sauces

Maggi has introduced this product both in bottle and Doy format. The Maggi sauces re-available in four different variant are The Quintessential Rich Tomato Ketchup, Maggi Masala Sauce, Rich Tomato Sauce (No Onion No Garlic) and The Unique Hot & Sweet Tomato Chili. The Maggi Masala sauce comes with Maggi Masala taste which gives it a unique flavor and proposition. It introduced Doy format of Rich Tomato ketchup under the name Pichkoo. This variant is for price sensitive consumer.

#### 1.5 Bouillons and Seasoning

Maggi lunched its bouillons under the name Magic Cube and it adds a different flavor to food. This aiding agent for cooking comes with two exciting flavors is Chicken and Vegetarian Masala. Seasoning is the mixer of various spices and it work as an aiding agent while cooking. Maggi has introduced three different seasonings – Maggi Masala-ae-Magic, Maggi Bhuna Masala and Maggi Coconut Milk Powder. Maggi has different variants of seasonings and bouillons as per the taste and preference of different countries where Maggi operates.

### Controversy

On June 3, 2015 the Delhi Government decided to ban Maggi after the test sample failed in the laboratory. This happened after it found that lead and monosodium in the product was beyond the permissible limit. The government banned the sale of product for 15 days and also asked the company to recall its product from every store. This decision was taken after 10 out of 13 samples failed in the test.

Maggi started getting controversial in 2015 when many samples of Maggi Noodles failed in the test in Uttar Pradesh the amount of monosodium glutamate (MSG) and lead was found beyond the permissible limit. The Food Safety and Standards Authority of India (FSSAI) collected samples from all over India to analyze the quality of the product. The Maggi

was banned in six states after it failed in the test. Tamil Nadu was the first state to ban several brands of Nestlé. The ban on Maggi affected Nestlé badly and it suffered Rs.64 core loss in second quarter ended June 30, 2015. The sale fell by 20.1 percent and Nestle India’s revenue dropped by 20 percentages. Maggi lost 80 percentages of its market share after the ban.

**2. Promotion**

**Table 1:** Tools used for sales promotion of Maggi

Objectives	Tools
To introduce new products into the market	Scratch and win offers
To attract new customers and retain the existing ones	Coupons
To maintain minimum sales of seasonal products	Exchange and money back offer
To meet and overcome the challenges set by the competitor	Price-off offers

Initially Maggi faced lot of hurdles when it first launched itself in India. The basic problem faced by Maggi in India was because of the Indian psyche, nestle tried so hard and tried targeting working class women of India. Despite its heavy advertising and media promotions, Maggi still was not able to see a raise in its sales. To overcome this problem nestle India limited conducted a research. After the research, the experts at nestle interpreted the results and pitched the product as a convenience product for mothers and fun product for children. Maggi has very unique taglines that can grab customer’s attention very quickly. The tagline, ‘Fast to cook, Good to Eat’ was also to keep up with this positioning. The product was further promoted by distributing free samples and by giving gifts on return of the empty packets, etc.

Nestle also launched different ad campaigns that focused on children’s taste and health. Apart from just the promotional activities, Maggi has also associated itself with television programs and advertised on kid’s channels and programs heavily. In the recent years Maggi started focusing at the entire family and not only on kids. They also came up with featuring people’s stories on its packet. Nestle India limited received thousands of stories via emails and letters. These stories of people were a great success in promoting Maggi. Another ad campaign that saw huge success is the, “MAIN AUR MERI MAGGI” campaign in commensuration of its 25 years journey in India.

They also connect to people very easily with their effective communication. Some of the famous taglines of Maggi are, “Tasty Bhi, Healthy Bhi” and “In the Last 20 Years We Have Asked for Just 2 Minutes of Your Time”. Now Maggi enjoys 90% of the share in its sector. Its revival campaign also saw huge success. The Taglines, “We are back” connected to the Indian audience so tight.

**3. Price**

Maggi uses penetration pricing which is used to capture the market area with comparatively low price to compete with its competitors so that the customers don’t switch to its substitute products. This strategy helps in attracting people to try the product and be aware about the same. In the beginning this strategy ended up having more cost and less profit but gradually this pricing method increased word of mouth from a vast area of market. Word of mouth has helped Maggi to an extremely large level to capture the market in the beginning as

it was affordable which children and working adults preferred to buy due to its feature and taste. This even prevented the competitors to enter the market as the penetration pricing always kept Maggi in the top shelf. From the introductory level it has kept low price as it always had a median income scale people as its customer segment. So its policy in pricing was always concentrated for the customer’s affordability. Even though the prices were low, the brand was able to maintain a constant rate of profit as their volume in the product didn’t vary too much until the inflation in which they reduced the quantity by 5 gram for the same price. Though with high quantity and cheap price, this made a huge impact on the customers as other brands low price didn't offer the similar volume. It has never changed its price with a huge scale and has always kept it normal within the customer reach. If we take Maggi noodles price then there are many flavors and type of product. Some of the major customer picked products and its price is given below in Table no. 2. These are the most demanded products and we can see that with the healthier version like Maggi Atta Noodles, the price increase to almost double. Coping up with this, Maggi noodles offers its variant in different sizes to cater with the low and middle income class customers. As per their own convenience, customer pick from the different size which as on January 2018 has a range of Rs. 5 to Rs. 86 depending on the weight of the pack for Maggi Masala Noodles.

**Table 2:** Price of Maggi Noodles product

Variety of Maggi	Net weight (in grams)	Price of the product (rs.)
1. Maggi Masala Noodles	35	5
	70	11
	280	44
	420	65
	560	86
2. Maggi Atta Noodles	75	20
	300	75
3. Maggi Chicken Noodles	71	14
	284	55
4. Maggi Cuppa mania	70	40

Nestle always have a high quality and low price strategy to capture its market. Maggi also keep its price according to the location as in some parts of India where the reach is low, the

price is hiked up according to the distribution and transportation cost. New range of packs like Cuppa noodles and hot heads are segmented towards a higher income group with a higher price as seen in the above table. It even offers multiple packs such as pack of 12 with a cheaper price so that customer would buy it in bulk and consumption occurs frequently. So the low point price strategy has helped this brand to gain a huge amount of market share in India even after the ban as it resume its business even at a higher pace.

#### **4. Conclusions**

Maggi went through all the stages of product life cycle starting from introductory stage in the year 1982 with no competition and high cost. Increasing demand placed it in the growth stage from 1985 after that when it reached the peak sales with low production cost and high profit it went into the maturity stage. The controversies and ban sent Maggi to the decline stage which afterwards again went up by the Maggi re-launch in India as customers demanded it more. So, even with lots of competition and ban it manages to stay in consumers mind and is now a convenience product.

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