МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ
Тернопільський національний економічний університет
Навчально-науковий інститут міжнародних економічних відносин ім. Б. Д. Гаврилишина
Кафедра міжнародної економіки

МЕТОУБЕЛА НЗОЛАНІ Лелетхіе

Стратегії міжнародного виробництва та збуту корпорації Нестле / Strategy of International Production and Sales of Corporation Nestle

спеціальність: 8.03050301 – Міжнародна економіка
магістерська програма – Міжнародна економіка (англомовна програма)

Виконав студент групи
АМЕТм-11
Л. НЗОЛАНІ МЕТОУБЕЛА
____

Науковий керівник
к.е.н., ст. викладач
І. О. Ліщинський
____

Дипломну роботу допущено до захисту
«_____»__________________20____р.
Завідувач кафедри
_____________________Є.В. Савельєв

Тернопіль – 2017 р.

CONTENT

INTRODUCTION

Actuality of the research. The global manufacturing sector has undergone a tumultuous decade: large developing economies leaped into the first tier of manufacturing nations, a severe recession choked off demand, and manufacturing employment fell at an accelerated rate in advanced economies. Still, manufacturing remains critically important to both the developing and the advanced world. In the former, it continues to provide a pathway from subsistence agriculture to rising incomes and living standards. In the latter, it remains a vital source of innovation and competitiveness, making outsized contributions to research and development, exports, and productivity growth. But the manufacturing sector has changed—bringing both opportunities and challenges—and neither business leaders nor policy makers can rely on old responses in the new manufacturing environment.

Manufacturing's role is changing. The way it contributes to the economy shifts as nations mature: in today's advanced economies, manufacturing promotes innovation, productivity, and trade more than growth and employment. In these countries, manufacturing also has begun to consume more services and to rely more heavily on them to operate. Manufacturing is not monolithic. It is a diverse sector with five distinct groups of industries, each with specific drivers of success. Manufacturing is entering a dynamic new phase. As a new global consuming class emerges in developing nations, and innovations spark additional demand, global manufacturers will have substantial new opportunities—but in a much more uncertain environment.

This topic was researches by different authors and international companies, such as Roger Xavier, Henri B, Paul lioness, Alois Gilbert, Mohamed sealed, Monique thiolet, Mead Johnson, Madeleine Wood, Knowing that it is part of the Nestle Organization, Nestle surely published different articles.

The **aim of the research** is to analyze the development of theoretical positions and practical recommendations for ways to improve the strategy of international production and sale of MNCs on the example of Nestle Company.

Achieving this aim will lead to elaborate such tasks:

- To determine the essence, classifications and motives for creation of MNCs;
- To classify the management, manufacturing and selling strategies of MNCs;
- To establish the Overview of Nestle as one of the oldest MNCS;
- To analyze global food and beverage market;
- To analyze the investigation of nestle manufacturing and selling strategies;
- To analyze the Evaluation of Nestle activity in Ukraine and Congo;
- To determine the new industrial and geographical niches for nestle;
- To determine upgrading the instruments of corporate strategy of Nestle.

The **subject of research** is theoretical and practical approaches to the study production and sales of Nestlé Company and identifying ways to optimize it.

The **object of the study** is the implementation of industrial and economic activity of Nestle Company.

Methods of research include differences analysis elaborated through history and statistics. The theoretical approach and analytical approach will be describe and used as methods.

Structure of the research. This paper is organized in three parts. Chapter 1 determines the theoretical framework of multinational production and sales. Chapte2 research of nestle strategies. Chapter 3 consists of the improvement of production and sale strategies of nestle company.

CHAPTER 1
THE THEORETICAL FRAMEWORK OF MULTINATIONAL PRODUCTION AND SALES

1.1 MNCs: essence, classifications and motives for creation

The multinational corporation is a business organization whose activities are located in more than two countries and is the organizational form that defines foreign direct investment. This form consists of a country location where the firm is incorporated and of the establishment of branches or subsidiaries in foreign countries. An enterprise operating in several countries but managed from one (home) country. Generally, any company or group that derives a quarter of its revenue from operations outside of its home country is considered a multinational corporation. There are over 40,000 multinational corporations currently operating in the global economy, in addition to approximately 250,000 overseas affiliates running cross-continental businesses. In 1995, the top 200 multinational corporations had combined sales of $7.1 trillion, which is equivalent to 28.3 percent of the world's gross domestic product. The top multinational corporations are headquartered in the United States, Western Europe, and Japan; they have the capacity to shape global trade, production, and financial transactions. Multinational corporations are viewed by many as favoring their home operations when making difficult economic decisions, but this tendency is declining as companies are forced to respond to increasing global competition.

The World Trade Organization (WTO), the International Monetary Fund (IMF), and the World Bank are the three institutions that underwrite the basic rules and regulations of economic, monetary, and trade relations between countries. Many developing nations have loosened trade rules under pressure from the IMF and the World Bank. The domestic financial markets in these countries have not been developed and do not have appropriate laws in place to enable domestic financial institutions to stand up to foreign competition. The administrative setup, judicial systems, and law-enforcing agencies generally cannot guarantee the social discipline and political stability that are necessary in order to support a growth-friendly atmosphere. As a result, most multinational corporations are investing in certain geographic locations only. In the 1990s, most foreign investment was in high-income countries and a few geographic locations in the South like East Asia and Latin America. According to the World Bank's 2002 World Development Indicators, there are 63 countries considered to be low-income countries. The share of these low-income countries in which foreign countries are making direct investments is very small; it rose from 0.5 percent 1990 to only 1.6 percent in 2000.

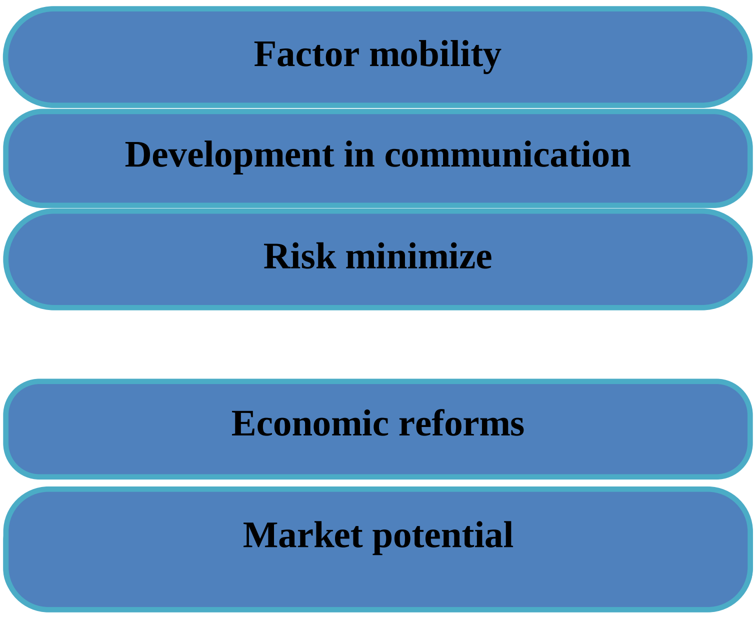


Fig. 1.1. Reasons for the Growth of MNCs

Source:Author

https://www.google.com.ua/search?q=reasons+for+growth+of+MNCs&biw=1287&bih=615&noj=1&source=lnms&tbm=isch&sa=X&ved=0ahUKEwjTsb6n_pHSAhVJ1SwKHQanCrsQ_AUICCgB#imgrc=-GJ8zU_BOyDxTM:

Although foreign direct investment in developing countries rose considerably in the 1990s, not all developing countries benefited from these investments. Most of the foreign direct investment went to a very small number of lower and upper middle income developing countries in East Asia and Latin America. In these countries, the rate of economic growth is increasing and the number of people living at poverty level is falling.

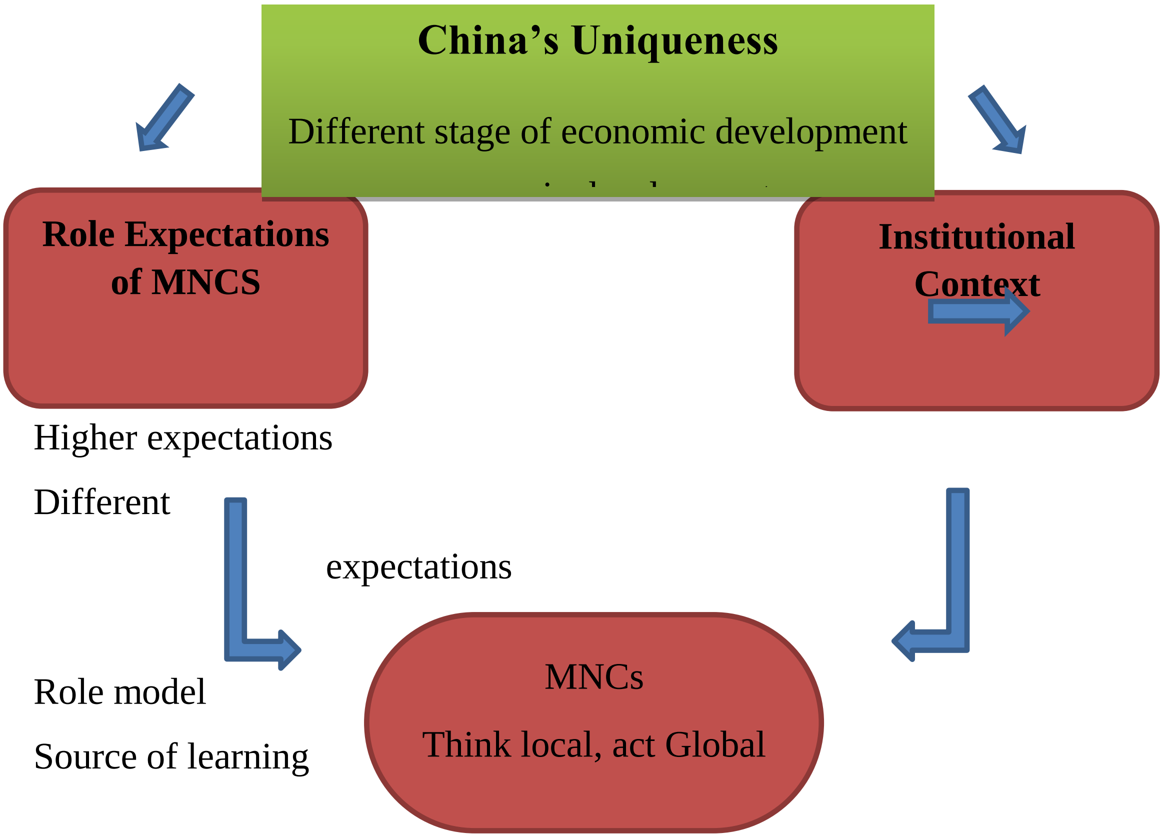


Fig. 1.2. Challenge of Multinational Corporation

Source: Done by author https://www.google.com.ua/search?q=challenge+of+multinational+corporation&biw=1287&bih=615&noj=1&source=lnms&tbm=isch&sa=X&ved=0ahUKEwjE6qCzgJLSAhXMhiwKHXNFArAQ_AUICCgB#imgrc=fb2te6Ms4OeSDM:

There are four categories of multinational corporations: (1) a multinational, decentralized corporation with strong home country presence, (2) a global, centralized corporation that acquires cost advantage through centralized production wherever cheaper resources are available, (3) an international company that builds on the parent corporation's technology or R&D, or (4) a transnational enterprise that combines the previous three approaches. Multinational companies can, obviously, vary in the extent of their multinational activities in terms of the number of countries in which they operate. A large multinational corporation can operate in

100 countries, with hundreds of thousands of employees located outside its home country. The economic definition, however, does not capture the importance of the multinational corporation as the organizational mechanism by which different social and economic systems confront each other.

The multinational corporation, because usually it develops in the cultural and social context of one nation, exports its organizational baggage from one institutional setting to another. In this regard, it plays a powerful role as a mechanism by which to transfer organizational knowledge across borders. However, while being foreign implies that it might serve the valuable role of importing new practices, its foreign status also implies that its practices are likely to conflict with existing institutions and cultural norms. Moreover, since multinational corporations are often large, they pose unusual challenges to national and regional governments who seek to maintain political autonomy and yet are often anxious to seek the investment, technology, and managerial skills of foreign firms.

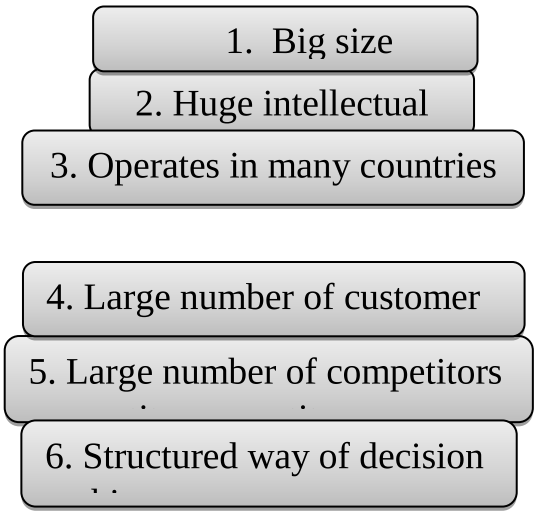


Fig. 1.3. Features of MNCs

Source: done by author

https://www.google.com.ua/search?biw=1287&bih=615&noj=1&tbm=isch&sa=1&q=Feature

There are, thus, economic and sociological definitions of the multinational corporation that differ, and yet complement, each other. In the economic definition, the multinational corporation is the control of foreign activities through the auspices of the firm. In the sociological definition, the multinational corporation is the mechanism by which organizational practices are transferred and replicated from one country to another. Since the multinational corporation is definitionally equivalent to foreign direct investment, theories of foreign direct investment must account for why one country invests in another and why this investment is carried out within organizational boundaries of a firm (see Buckley and Casson 1976, see Foreign Investment: Direct). In distinguishing between portfolio and direct investment, Hymer noted that firms operate at a disadvantage in foreign markets and hence they must have an offsetting competitive advantage to compete overseas. These advantages for overseas investments are the same ones that allow a firm to compete and grow in the home market. These observations have important implications. The first is that direct investment is the growth of the firm across borders and hence the firm expands internationally on what it has learned at home. This observation is the basis for the evolutionary theory of the firm. The second observation that Hymer made is that firms that expand overseas, because they have competitive resources, are also likely to be large and to belong to oligopolistic industries. In these observations, we can understand the ambivalence expressed in popular and policy debates regarding the multinational corporation. Competition among multinational corporations often is the extension of their home domestic and oligopolistic rivalry that spills across national borders. In many global industries, the same company names dominate each country's list of the largest firms inside their national frontiers. No matter if it is Poland or France, Singapore or Mexico, the same multinational corporations will be found in the local oligopolistic industries (e.g., consumer goods or automobiles).

Multinational corporations are especially problematic in developing countries. By definition, developing countries are relatively poor, thus both in need of capital and yet concerned over their loss of independence. As discussed above, the history of multinational corporations in developing countries is marked by its origins in policies of imperialism and colonialism. Especially in Latin America, where a school of thought labeled Dependencies has been in-fluently, the concern over dependence on the United States resulted in efforts to curb the power of the multinational corporations by restricting the amount of equity ownership a foreign firm could hold in a domestic company or by prohibiting investment in certain sectors. Mexico’s constitution forbids foreign investment in the oil industry; Brazil pursued for a long time a policy to restrict foreign participation in the electronics industry. Multinational firms arise because capital is much more mobile than labor. Since cheap labor and raw material inputs are located in other countries, multinational firms establish subsidiaries there. They are often criticized as being runaway corporations. Economists are not in agreement as to how multinational or transnational corporations should be defined. Multinational corporations have many dimensions and can be viewed from several perspectives (ownership, management, strategy and structural, etc.) Some argue that ownership is a key criterion. A firm becomes multinational only when the headquarter or parent company is effectively owned by nationals of two or more countries.

Ford → The largest MNCs

IBM → Wal-Mart Stores

British Petroleum → Exxon Mobil

Mc Donald’s → These companies have turnovers in

Phillips → excess of the GNPs of some countries

Fig4: Examples of MNCs

Source: done by author

https://www.google.com.ua/search?biw=1287&bih=615&noj=1&tbm=isch&sa=1&q=Example:

For example, Shell and Unilever, controlled by British and Dutch interests, are good examples. However, by ownership test, very few multinationals are multinational. The ownership of most MNCs are uninational. (e.g., the Smith-Corona versus Brothers case). Depending on the production process, each is considered an American multinational company in one case, and each is considered a foreign multinational in another. Thus, ownership does not really matter. The company becomes a multinational enterprise when it begins to plan, organize and coordinate production, marketing, R&D, financing, and staffing. For each of these operations, the firm must find the best location.

The world biggest public companies (by sales)

A lion's share of MNCs are headquartered in the US:

Wall-Mart, Exxon Mobil, Royal Dutch Shell, BP, Toyota, Chevron, ING, Total,

General Motors, ConocoPhillips.

How to tell whether a firm is multinational?

Rule of Thumb

A company whose foreign sales are 25% or more of total sales. This ratio is high for small countries, but low for large countries, e.g. Nestle (98%: Dutch), Phillips (94%: Swiss). Examples: Manufacturing MNCs

24 of top fifty firms are located in the U.S.

9 in Japan (shrinking), 6 in Germany.

Petroleum companies: 6/10 located in the U.S.

Food/Restaurant Chains. 10/10 are headquartered in the U.S.

US Multinational Corporations: Exxon, GM, Ford, etc.

MNCs can be classified on the basis of several criteria, such as function, control, investment, origin, turnover, products, etc. Nearly all major multinationals are either American, Japanese or Western European, such as Nike, Coca-Cola, Wal-Mart, AOL, Toshiba, Honda and BMW. Advocates of multinationals say they create high-paying jobs and technologically advanced goods in countries that otherwise would not have access to such opportunities or goods. On the other hand, critics say multinationals have undue political influence over governments, exploit developing nations and create job losses in their own home countries.

The 10 largest multinational corporations in the world, as of 2015 revenue, are Wal-Mart ($485.65 billion), Sinopec ($433.31 billion), Royal Dutch Shell ($385.63 billion), PetroChina ($367.85 billion), Exxon Mobil ($364.76 billion), BP ($334.61 billion), Toyota Motors ($248.95 billion), Volkswagen ($244.81 billion), Glencore ($209.22 billion) and Total ($194.16 billion). Wal-Mart has operations in

28 countries, including over 11,500 retail stores that employ over 2.3 million people internationally. There are a number of advantages to establishing international operations. Having a presence in a foreign country such as India allows a corporation to meet Indian demand for its product without the transaction costs associated with long-distance shipping. Corporations tend to establish operations in markets where their capital is most efficient or wages are lowest. By producing the same quality of goods at lower costs, multinationals reduce prices and increase the purchasing power of consumers worldwide. A trade-off of globalization, or the price of lower prices, is that domestic jobs are susceptible to moving overseas. Data from the Bureau of Labor Statistics (BLS) shows that between 2001 and 2010, the United States lost roughly 33% of its manufacturing jobs (5.8 million jobs). This data underscores how important it is for an economy to have a mobile or flexible labor force, so that fluctuations in economic temperament aren't the cause of long-term unemployment. In this respect, education and the cultivation of new skills that correspond to emerging technologies are integral to maintaining a flexible, adaptable workforce. A few of the fastest-growing industries in the United States are peer-to-peer lending platforms, medical marijuana stores, telehealth services and motion capture software development; together, these industries are replacing many of the American jobs that were displaced by overseas manufacturing.

1.2 Management, manufacturing and selling strategies of MNCs

To function effectively, Multinational Corporations must understand the socio-political, cultural, economic and regulatory environment of the countries they operate in. Whether it is managing overseas operations, directing an international sales force, helping expatriate employees and their families adjust to living and working in a foreign culture, or negotiating a deal with a government official or a customer, such understanding is essential for success.

Management of Multinational Corporations explains how MNCs manage different business functions such as marketing, operations, human resource and finance in different environments. It also describes how MNCs can achieve global scale efficiencies, respond flexibly to different national markets and cultivate worldwide learning.

Managerial Functions in MNCs

1. Planning in the MNC

Planning involves analyses of international and external environment to find out the strengths, weaknesses, opportunities and threats. After conducting the SWOT analysis, the management sets the objectives. It is very difficult to analyze the external environment. This is because the world markets, are changing continuously. Even large MNCs find it difficult to compete in the world markets. Therefore, they form Global Strategic Partnerships (GSPs) with local companies. Due to GSPs, planning becomes easier. That is because the managers of the local branches have full knowledge about the local environment. Some MNCs use consultants to study the external environment of foreign countries.

2. Organizing in the MNC

Organization is a structure, which helps to achieve corporate objectives.

A MNC can select an organization structure from the following options:-

A MNC may appoint one Vice-President for all its foreign branches. He will control all the foreign branches from the MNC's head office.

A MNC may use geographic structures. It may appoint a head in every single country or region in which it operates. For e.g. A manager may be appointed as a Head for the Asian region or for India; another manager may be in-charge of the European region, etc. A MNC may also organize the structure on the basis of production lines. For eg., One manager may be in charge of one product. Another manager may be in charge of another product, etc.

4. Leading in the MNC Leading is the process of influencing the subordinates to 3. Staffing in MNC

Staffing involves selecting the right man for the right job. It also includes manpower planning, promotion, transfers, training and development, compensation, etc.

Staffing function of an international business is very important, especially while appointing the top-level managers. The top-level managers must be competent and committed persons. A MNC has three options to select managers: Managers from the home country who are working in the headquarters of the MNC. These managers know about the MNC's policies and operations.

Managers from the host-country can be selected to manage the operations in that country. These managers know their countries environment, i.e. culture, legal, educational, political, etc. This environmental knowledge is very important for the success of the MNC. Managers from a third country who have worked in the MNC's parent headquarters, or experienced managers from some other MNC, can be selected. The MNC must select the right managers to manage the international business. They must consider factors, such as compensation, labor laws of the host country, level of competence of the managers in the host country, etc.

perform willingly towards group objectives. Leading involves motivating and communicating. Managers must have effective leadership qualities. Leading and motivating employees require an understanding of employees and their cultural environment. For eg. Participative management may work well in democratic countries, but it may confuse the employees in a country having a dictator. Communication is a problem for MNCs because they do business in countries where different languages are spoken. However, their communication problems can be solved by having local managers.

5. Controlling in MNC

Controlling involves monitoring actual performance and taking corrective measures, to correct deviations, if any. Controlling is a bit difficult in international business due to certain reasons: Revenues, costs, and profits are measured in different currencies. The ratios between currencies are subject to foreign exchange fluctuations, accounting practices, and financial reporting differ from country to country.

Manufacturing in MNC

Reducing costs and improving quality are the two inter dependent objectives of operations management. R&D initiatives help derive competitive advantage they make companies better equipped to respond faster to changes in market demands. Three factors determine location of a factory: country, technology and product. Country factors include political stability, the FDI policy and the lobbying power of domestic industrialists and economic stability which is determined by factors like exchange rate. Land and labor costs of a country are crucial in deciding the location of manufacturing facility. Technological developments also impact locational decisions. The higher the level of investment required, the stronger the case for centralized manufacturing. Moreover, economies of scale might require companies to concentrate manufacturing in a few locations. But some companies like Levi's have proved that customization and cost efficiency can go together. Companies are often confronted with 'make or buy' questions. Global sourcing has been put to use effectively by many MNCs. The major advantages of sourcing components are that financial and operational risks can be reduced and fixed costs of investments in people, plant and machinery can be avoided.

Since the 1970s, international manufacturing companies, in pursuit of world-class goals, have been adopting and adapting management practices developed originally in Japan. Notable characteristics of such companies now include: a customer-focused culture; a concentration on core competencies with high levels of outsourcing; an emphasis on team working and manufacturing cells; low levels of stock at all stages of assembly; frequent small deliveries by suppliers directly to the production areas; a supply base of relatively few suppliers; partnership agreements with key first-tier suppliers. Such companies are aiming to produce goods of world-class quality and to do so, given the large amounts of bought-in components and sub-systems, pay a great deal of attention to the supply network. As a result, the purchasing function in these companies, as the interface with suppliers, plays a crucial role in manufacturing strategy. It is thus important to determine what multinational manufacturing companies want from their suppliers, is what constitutes the “total package” that they want to have supplied? To this end, a total quality-based 15-criteria model of this package was developed and pre-tested with senior purchasing managers from multinational corporations (MNCs).

Selling strategies of MNCs

Selling strategies of MNCs is all about Multinational marketing is the process of advertising and selling products and services to customers around the world. It is sometimes called global marketing because it allows companies, even smaller-sized ones, to expand into new markets via the Internet, international distribution and competitive pricing. Four key strategies underlie a business' approach to multinational marketing.

Competitive Pricing

Just as one size doesn't fit all in terms of customer service, the same is true of pricing. Selling a product for the same price in every market limits the potential for that product to earn higher revenues in more demanding locations. Toothbrushes might sell for an average of $1 in the United States and for the equivalent of $1.50 in Canada. A company would cheat itself out of 50 cents on every toothbrush sold in Canada if it didn't implement a different price point in that market. Likewise, prices sometimes must be lowered in order to gain a competitive advantage. If it costs the company 25 cents to make each toothbrush, it still may be able to profitably sell those toothbrushes for $1 in Canada to edge out competitors who are selling at $1.50.

Forming Strategic Alliances

Many businesses, particularly smaller-sized ones, cannot afford to directly market their products in every location they may desire. Forming strategic alliances with other vendors or with multinational marketing agencies allows companies to market internationally without the need to set up operations globally. The company wishing to sell its toothbrushes might want to enter the Chinese market but may not be able to justify setting up a new branch in Asia. To rectify this, it can join with an existing distributor in the area and begin to market and sell its products there. The distributor may take a small commission or percentage of sales, but this will be minimal compared to the cost of setting up a new branch.

Electronic Distribution Channels

With the continued widespread use of the Internet, social media and mobile phones, electronic distribution channels have become the new backbone of multinational marketing strategy. Companies can use the Web to sell their products to customers around the world without having to use local distributors and without the cost of setting up new premises. There are some tax implications and shipping costs, but electronic distribution can be an excellent way to expand into new markets. Businesses must keep in mind the key factors of competitive pricing and localization when seeking to sell globally. Just because a product is available for sale on a North American website for one price or with one particular advertising strategy does not mean it has to be marketed in the same way in another location using a different website or social media platform.

The marketing strategies adopted when selling products in foreign countries.

Multinational Corporations: The marketing strategies adopted when selling products in foreign countries. Multinational Corporations have two types of strategies when operating in foreign markets... Sociocultural and economic aspects:

- Consumption patterns
- Preferences and tastes - Level of income
- Level of education and literacy First strategy: GLOBAL STRATEGY:
- Sell global products in the entire world

- Benefits: Economies of scale in production and R&D. Marketing Strategy: Focus

on the ideal product mix to achieve maximum profit potential. Second strategy: ADAPTATION STRATEGY

- Adaptation of the products or services to satisfy the customers of different countries and cultures.

- Benefits: More sales and revenues because better knowledge of the needs of the targeted foreign market. McDonald's efforts of integration in the local markets:

Product adaptation:

- France: McBaguette

- Philippines: McSpaghettis

- India: Lamb Burger

- Europe: Beer

Other adaptations:

- Price

- Colors

- Advertising google images Best strategy: Combining both ADAPTATION

and STANDARDIZATION. "Think local, act global" strategy. (e.g. McDonald's)

Two strategies multinational companies use to capture markets in other countries are vertical and horizontal expansions.

Vertical Expansion - Manufacturing

Vertical expansion occurs when multinational companies expand production processes to other countries. This strategy allows them to take advantage of factors such as the low costs of labor and raw materials, lower capital investment requirements and less stringent local laws and regulations. This means these companies can lower production costs and maximize profits. Some developing countries encourage multinational companies because of the innovative technology they bring to the host country and because they typically offer higher wages than the national average.

Vertical Expansion - Sales

Multinational companies also might expand by setting up sales units in host countries instead of marketing their products through local agencies. This allows the companies to ensure that their products reach their buyers and that they are in control of prices. Multinationals also may enter foreign markets when other brands offering the same products set up operations there. Competition makes it necessary for these companies to follow suit with units of their own. Multinational companies can give their sales units a level of autonomy, which allows them to operate and adapt their sales efforts according to market conditions in the host country.

Horizontal Expansion – Production

Often, multinational companies set up production units in other countries for the sole purpose of catering to the local market. They manufacture products in the host country for distribution in the same country. This helps companies save on transportation costs and shields their operations from uncertainties arising from fluctuations in currency values. They also use sequential marketing, a strategy that edges out the local competition by offering better and more state-of-the-art products. Another method they might use to eliminate competition is to merge with or acquire local companies.

Horizontal Expansion - Sales

When offering products in the host countries, multinational companies may present their goods and services just as they are offered in their home countries. Examples include branded and packaged food and beverages. They carry similar brand names and are similar in appearance. Companies also might set up showrooms and outlets to mimic international norms. Other companies adapt their products to suit local demand, tastes and customer requirements.

Currently many MNC's are concerned due to the slowdown in important markets. Especially enterprises, which are primarily operating in declining markets (e.g. the US market) or in industries that are facing huge problems (e.g. banking), suffer. However, most global companies already obtain more than 1/3 of their revenues outside their domestic markets as for example Heinz (57.7 per cent) or Microsoft (38.7 per cent). The Coca-Cola Company even achieved a 19 per cent growth in their overseas markets in the first quarter of 2008. This enabled the company to offset the weak results from their domestic US market and to obtain a record profit. Currently, international sales contribute to 73.8 per cent of Coca-Cola's total sales. This figure will further increase in the next years because of the enormous international growth opportunities.

As seen in these examples, many MNC's are more flexible and not as vulnerable to economic fluctuations as in the past due to their reduced dependency on one single market. They compensate weaknesses in some markets with the growth in other or new markets. Most MNC's spread their risk by taking advantage of this opportunity. According to a Cap Gemini Report from 2007, these benefits drive companies which are national in their origin into multinationals that invest into key emerging markets. Despite of all these aspects, it is important to mention that the situation of a company or an industry depends on various factors and not only on the opportunities which the market offers. Currently several MNC's, as for example General Motors or EADS, suffer regardless of their international activities. Internal (wrong strategy, false product positioning etc.) as well as external aspects (demand, commodity prices, government restrictions etc.) might be reasons for their struggle.

In markets from Latin America to Eastern Europe to Asia, we have studied the strategies and tactics that successful companies have adopted in their battles with powerful multinational competitors. In Russia and Shanghai Jahwa in China, for example, have managed to successfully defend their home turfs against such multinationals as Compaq and Unilever. Others, including Jollibee Foods in the

Philippines and CEMEX in Mexico, have built on strength at home and launched international expansion strategies of their own.

1.3 Overview of Nestle as one of the oldest MNCs

Nestle is one of the oldest multinational business, The Nestle has very informal working environment so that people can easily communicate with their co-workers. Employees can communicate with their superiors and their suggestions are always welcomed, as mostly downward communication takes place within the organization. To some extent workers and employees are encouraged to participate in decision making and in every new package offered by the company, the opinions of the employees are asked. No form of written communication was found until and unless there was an unexpected holiday announcement or a major event. There is an open communication channel within the company since the employees mostly contact each other through email or phone call. For major decisions, general managers of all the departments interact with each other at the higher level and the decision is informed to the lower level. To achieve the institutional objectives and goals, there is the network of communication links within the organization. In the hierarchy of the company, both upward and downward open communication channels are maintained by the company, which in creating a good working environment for the employees, is quite effective. Sending messages to persons outside the company refers to external communication, in Nestle. Commercial breaks, by giving packages, media advertisement, by the annual report, through president's messages, print media advertisement, and through services, are the sources used by Nestle for its external communication.

External Environment

An organization's strategic analysis usually starts with an external environment analysis. The purpose is to identify the possible opportunities and threats to the whole industry. PESTEL analysis is one of the macro environment analyses that investigate the external environment in political, economic, socio-cultural and technological aspects.

Political

Political issues are one of the major concerns for global companies to operate internationally. Political stability, bureaucratic regulations and taxation policies play a vital role in international business operations. In one aspect, with the political stability in one country, Nestlé can generate steady sales in targeted markets. In another aspect, government laws and regulation in certifying natural and safe raw materials, public financial disclosure, bribery or fraud highly influence every phase of Nestlé's organizational life and strategic planning. As far as Chinese market is concerned, Nestlé has greatly enjoyed the preferential policies and treatment that are given to large multinational companies by central or municipal government, for example lower corporate tax rates. This helps to explain why Nestlé has grown and expanded so quickly in the region of Greater China in the past 20 years.

Economical

Economic condition varies from country to country. The economic component is related to policies, regulations and changes in a wider economy, such as economic growth, interest rate, exchange rate, and inflation rate, which will impact the business strategies and decision-making processes. For one, Nestlé is greatly benefited from the rapid economic development and the improvement of investment environment especially in developing countries. For another, Nestlé has taken consumers' income level and purchasing power into consideration when entering a new market or launching a new product in a specific region. With operations around the globe, Nestlé has adjusted for variations in consumer's demand and price sensitivities.

According to a recent study of global food industries, Nestlé is gradually shifting the company's business emphasis from America and Europe to Asia-Pacific and Middle East markets, in view of the growing numbers of the middle-class and an increasingly higher level of disposable income in these economies.

Socio-cultural

Generally, there are lots of issues that need to be considered by the company when doing international business out of the home country. These issues include demographics, language and education, tradition, religion and aesthetics, consumer living and diet habit, preference, and consumption patterns. Nowadays, the change in life style, urbanization and globalization have increased people's acceptance of new different products. Therefore, with a clear picture of socio-cultural environment, Nestlé can capture the consumer behavior in order to plan out good and effective business strategies in worldwide markets. Here is an example of Nestlé's success of respecting the socio-culture in African countries. The chicken bouillon cube produced by Nestlé is widely used to increase dish flavor in developed countries, however, people directly mix the cube with rice to eat in low-income countries in Africa.

Therefore, in accordance with local consumption habits and storage conditions, Nestlé has introduced small package of bouillon cube that people can easily have one piece for an individual in a meal.

Technological

Greatly benefiting from the availability and capacity of strong research centers and associations, Nestlé owns the largest R&D network of any food company in the world. This enables the company to continuously produce nutritious and healthy food.

Advanced technologies also create opportunities for new product lines, current product improvement, and new marketing promotion strategies, such as e-commerce and online stores. By gathering all the research and development resource available in the countries where it operates, Nestlé expects to use this competitive advantage to become a world-class leader in food and beverage industry.

Internal Environment

Nestlé's effective performance in terms of R&D, learning and growth serves as a foundation to help achieve excellent internal business processes. Excellent business processes enable the organization to achieve product diversity, high customer service and satisfaction, and thus to realize its financial goals and optimize its values to all stakeholders.

Strong brands recognition

Nestlé is one of the most recognized and renowned brands in the world. Nestlé's logo depicts a loving mother feeding and nurturing her young with rich and healthy nutrition. The company emphasizes this message through communicating with consumers, launching promotions and marketing campaigns, and building and improving public relations. For instance, Nestlé carried out a project of "Nestlé Healthy Kids Global Plan" in China, which covered five cities and four rural areas with about 60 primary schools. More than 60,000 students and their parents, teachers, and Public Health Administration have proactively involved in the project.

Organizational decentralization, differentiation and localization

Nestlé's decentralized structure makes it possible for each business unit to become decision-makers for their specific business operations. The fact that Nestlé's products are diverse and can satisfy customers' need will prevent competitors from entering the unoccupied markets. Nestlé perseveres in learning about local customers through market research. This enables the company to develop new product lines with local adaptation and distinct features. Business units are also able to evaluate any possible market opportunities and to try to make successful long-term projects in local contexts.

Large investment in R&D and innovation

It is estimated that approximately 98% of Nestlé sales come from international markets. All these achievements are derived from continuous innovation in new product lines, R&D development and marketing strategies. As a result, Nestlé gains tremendous competitive advantages. The company claims that carefully planned brands will allow the company to stay competitive in the market. For instance, Nestlé invented the manufacturing method of instant coffee in the year of 1938. This unprecedented innovation made coffee open a broader market in the world. Product innovation and diversification equip Nestlé to capture as much of the market share as possible.

Corporate shared mission and values

Nestlé is conscious of the fact that corporation success is a reflection of the professionalism, the ethical conduct and the responsible attitude of its management and employees. Nestlé's objective is to become the industry leader in health, nutrition and wellness by competitively and innovatively manufacturing and marketing its products in global markets. The corporate values ensure that Nestlé employees around the world know how to act, and have a very strong sense of values and a clear framework for fast decision-making.

In regards to ethical values, Nestlé continues to maintain its commitment to follow and respect all applicable local laws in each of its markets. While ensuring the highest standards are met throughout the organization, Nestlé is also an active advocate for environmental sustainability. They firmly believe that organizations have heavy responsibilities for the environment and ecosystem protection, and that modern development should not sacrifice the resources and environment for future generations.

Strong financial performance

In 2013, Nestlé achieved outstanding performance, and shareholders received a satisfactory dividend. Nestlé is expected to continue to be disciplined in driving its performance in line with the company's model of profitable growth and resource efficiency. Nestlé is committed to make its 2014 performance similar to 2013.

Compared to the second half of 2013, Nestlé outperformed the market, with a growth of around 5% and improvements in margins, underlying earnings per share in constant currencies and capital efficiency. Below two graphs showed that Nestlé has reached excellent performance in the past few years.

The stable and healthy financial performance will provide strong assurance for Nestlé's development in the future.

The company has its headquarters at Gurgaon near Delhi and has seven factories spread all over India. It started its journey in India in 1912 by entering into the dairy business.

Nestlé India, one the biggest players in FMCG segment, has a presence in milk & nutrition, beverages, prepared dishes & cooking aids & chocolate & confectionery segments. Nestlé India manufactures products of truly international quality under internationally famous brand names such as NESCAFÉ, MAGGI, MILKYBAR, KIT KAT, BAR–ONE, MILKMAID and NESTEA and in recent years the Company has also introduced products of daily consumption and use such as NESTLÉ Milk, NESTLÉ SLIM Milk, NESTLÉ Dahi and NESTLÉ Jeera Raita.

Nestle has created brands like Nestlé Milkmaid, Nestlé Every day, Maggi Noodles, Maggi Soups, Polo, Kit Kat, Nescafe & many more.

As per the market–wise position Nestlé India stands first in instant noodles & ketchups, second in healthy soups, No.1 in instant coffee, & No.2 in overall chocolate category.

Nestle India continuously focuses on understanding changing lifestyles in India. This helps it to foresee needs in its product offerings. The company innovates new product & renovates existing one providing high quality, safe food products at affordable prices.

Nestle is one of the oldest of all multinational business. The company was founded in Switzerland in 1866 by Henrich Nestle, who established Nestle to distribute milk food” a type of infant food he had invented that was made from powdered milk, bake food and sugar. From its very early days, the company looked to other countries for growth opportunities, establishing its first foreign offices in London in 1868. In 1905, the company merged with the Anglo Swiss condensed milk, thereby broadening the company’ product line to include both condensed milk and infant formulas. Forced by Switzerland small size to look outside its borders for growth opportunities, Nestle established condensed milk and infant food processing plants in the United States and Great Britain in the late 19th century and in Australia. South America, Africa and Asia in the first three decades of the 20th century.

In 1929, Nestle moved into the chocolate business when acquired Swiss chocolate maker. This was followed in 1938 by the development of Nestle most revolutionary product Nescafe.

Nescafe is the world first coffee drink so after World War 2 Nestle continued to expand to others area of the food business primary through a series of acquisitions that included Maggi (1947).

Behind Nestle been one the oldest multinational company, Nestle is the 12th largest company in the world in terms of market capitalization. The 147 year old Swiss company is present in almost all countries in the world, about 46 percent of its revenues come from emerging markets.

But in most of these countries it is often seen as a local company with a strong Swiss heritage. As regard belongingness, the company’s focus on shared values comes in handy.

Nestle mission statement was modified recently to include” sustainable value creation ‘’ its shared value philosophy rests on three axis-rural development, nutrition and water conservation. It also has a clear way of doing things.’’ Nandkishore said. When it comes to quality and nutritional everything is global.

Nestle has also learnt how to deal with local competitors who are nimble, agile, focused and hungry.

We have to know that Nestle USA is subsidiary of Nestle S.A in vevey, Switzerland, Nestle has been present in the USA over than 110 years and now headquartered in Glendale, California. By the 2000s, Nestlé become a larger company through several acquisitions that included Ralston Purina (2001), Chef America (2002), Power Bar (2006) and Gerber (2007). Nestlé major products and services include milk based products, pet care, confectionery, beverages, cooking aids and prepared dishes, ice cream and pharmaceutical products. In US, Nestlé markets confectionary and sweets products under Wonka, Perugina and After Eight brands. It also makes biscuits, toppings and mints. This consumer goods company practising a widen product marketing and offer many brands and product in most markets. Nestlé recorded US$10 billion with America is the biggest geographic market, recorded for 30.2 percent of total revenues in 2008 and offer more than 50 brands (Nestlé Management Report, 2008).

We can see that Nestle focuses on internal growth and try to achieve greater volumes by innovating new products and renovating existing products. This strategy has given Nestlé the ability to grow many products in the various fields of prepared foods, breakfast cereals, dairy products, baby foods, beverages, ice-cream, bottle water, chocolate confectionary and pet care. In addition, Nestlé is a low cost operator. This allows them not only to edge ahead with low operating costs but also beat the competitors by producing low cost products. Nestlé has ability to customize global products based on consumer choices in the local market. This is one of Nestlé's key strengths where its subsidiaries develop products that match consumer preference in the local market. Due to the nature of the markets psychological and cultural spread, Nestlé believes that there are no global consumers in the market. Its ability to customize products to the local markets brings association in the mind of the customer and brand loyalty by using local names. For example, its confectionery range sold in the US is called Rolo but in Russia, it is called Rossyia. In the US, brands like Kit-Kat chocolate and Maggi noodles have been priced at US$0.2 and some other chocolate and candy brand are priced at US$0.05 per unit. These price help Nestlé reach more customers not only in urban markets but also in rural markets. In the US, Nestlé has two top products capable of becoming at least regional which are pet food and ice-cream, but both lag well behind the market leaders of Mars in pet food and Unilever in ice-cream. With the exception of a few products such as its famous tomato sauce, eaten everywhere with burgers and hot dogs, Heinz (US) applies effectively a multi-domestic strategy, making a small effort to force a global or even pan-regional strategy. For instance in 2001 it took over Honig (Holland) which makes very local traditional delicacies, such as chocolate sprinkles topping.

They have strong capabilities in research and development (R&D). The group invest more than US$1390 million in R&D annually and the Nestle

Research Center in Switzerland is its major think-tank. It has more than 100 different professional areas including raw materials, nutritional science, ingredients, the life science and production processes. By doing R&D, it allows Nestlé renovate existing products and innovate new products continuously. It also allows Nestlé to review its product at regular intervals while generating revenue growth. For instance, Nestlé possess a product LC1, which is innovated and provides health benefits for the consumers and it was fairly new in the US. The LC1 product, probiotic cultures found that it had an innovation that offers a new avenue of profits for Nestlé by introducing it into the US market. The LC1 powder was introduced into US market in 2000. This product focuses on customers who are concerned about their eating habits and health and it was made to be mixed into beverages and foods. Unfortunately, the product went largely unnoticed by the US customers and yielded only minimal results although Nestlé used a smaller campaign targeted at health practitioners, print ads and internet advertising to introduce the product.

What people have to know is Nestle is actually the world's largest producer of bottled water. In fact, they're so keen on their water business (which also involves many of their other products), that they believe water isn't a universal right.

As a normal company Nestle has Advantages and Disadvantages.

Advantages of Nestle:

Nestle is a Swiss multinational food and beverage company. According to Wikipedia, their products include baby food, bottled water, breakfast cereals, coffee and tea, confectionery, dairy products, ice cream, frozen food, pet foods, and snacks. Twenty-nine of their brands have sales of over $1 billion a year, and have over 8,000 brands. They have 447 factories across 194 countries, and employ around 333,000 people. They truly are what you would call a giant. They're also considered to be one of the best employers in Europe with six LEED certifications and sponsor numerous activities and sustainable projects. Looking at only these stats, it would seem that Nestle is one of the “good food"

Disadvantages of Nestle:

As with any “respectable” large company, Nestle has been involved in several incidents regarding pollution. A 1997 report found that in the UK, over a 12 month period, water pollution limits were breached 2,152 times in 830 locations by companies that included Cabdury and Nestle. But again, the situation in China was much worse.

While people in the US and Europe are slowly becoming more environmentally concerned and some are opting for more sustainable sources of water, Nestle has moved to another market – Asia. Alongside companies such as Kraft or Shell, Nestle made several environmental violations.

In 2002, Nestle made what turned out to be a colossal error: demanding that Ethiopia pay them back a debt of US$6 million. There’s nothing wrong with that per se… if Ethiopia wasn’t facing extreme famine at the time. For a company that has 29 brands that make over $1 billion a year, asking a famine-stricken country to pay you back 6 million seems questionable, to say the least.

Nestle claim dates back to the 1970s when the military regime in Addis Ababa seized the assets of foreign companies.

The public roar came almost overnight; with the company receiving 40,000 letters from outraged people, in one of the most famous cases of public opinion beat corporate greed. In the end, Nestle took a U-turn, settling for a partial debt which was also invested in the country’s bouncing back from famine. For Nestle, who initially insisted that the compensation issue was “a matter of principle” and that it was in the best interest of Addis Ababa to settle the demand to repair its record with foreign investors, it was a huge moral defeat. For analysts, it was an exciting case which showed that even giants can falter in the face of public opinion.

As a lot of big companies these always more disadvantages than advantages, they have to learn to satisfy their clients.

Conclusions to Chapter 1

In this research, we studied the strategy of Multinational Corporation and we found out that multinational or called worldwide Enterprise is a corporate organization that owns or controls production of goods or services in one or more countries other than their home country it can also be referred as an international corporation or transnational corporation, these a lot of multinational corporation in the world and nearly all major multinationals are either American, Japanese or western European**.** The method global companies use is to manage the risk of their employee benefit plans throughout the world. The different employee benefit programs of a multinational company are combined to form an international pool, the result of multinational pooling is financial savings and better control of the risks, we can see such a company like Nestle that built trust every time people buy their products, this happen at least one billion times a day, trust is also built the way the company manages its employees, deals with the civil society and governments. Nestle is fanatical when it comes to ensuring quality and total compliance with ethics, they have a clear way of doing things.'' What a customer sees, fees or tastes will clearly be local'' when it comes to quality and nutritional standards everything is global. Nestle is one the biggest multinational corporation, the Swiss major also learns from different markets, they know how to handle crisis, in fact managers who have strong emerging markets exposure have an added advantage at Nestle, we have to know that All major companies have incidents, accidents and scandals. When you have so many people working for you, it's virtually impossible to maintain a clean sheet. Nestle uses its technology to add value to the product offering to stay ahead and invested in people.

CHAPTER II
RESEARCH OF NESTLE STRATEGIES

2.1 Analysis of global food and beverage market

Nestlé is the world's biggest food manufacturer, with almost 450 factories spread across the globe, and a portfolio that ranges from baby foods to pet care, from chocolate to mineral water, from coffee to frozen pizza. Its world-famous brands include Nescafe, Kit Kat, Maggi, Purina and Perrier, among many others. The group also controls a large shareholding in cosmetics company L'Oreal and has its own growing medical skincare division. However, aside from those sidelines, recent years have seen a greater concentration on a focused food and beverage business. In particular Nestlé has leveraged its performance in sectors such as ice cream and petfoods with an aggressive acquisition strategy, and divested businesses where it has failed to gain a leading position. At the same time, it has placed health and wellness at the forefront of its agenda, developing the widest possible range of nutritionally balanced products under the overall umbrella "Good Food, Good Life".

Nestlé's main global competitors are Unilever, Kraft, Danone and Mars.

Nestlé has maintained a strong position in the global food market, strengthening its hand in several key segments including ice cream, beverages, frozen meals, pet care and culinary products through acquisitions, or well-chosen partnerships. No rival comes close to matching its broadly diversified portfolio, and its name is almost certainly the world's best-known food and beverage brand, and probably the most trusted.

Nestlé has five operating divisions. The food businesses operate as three geographic divisions in the Americas, Europe and Asia Pacific regions, while the company's water and pharmaceuticals businesses operate as separate global units. The group's products fall into six categories. However across these, there are six main brands which between them generate more than 70% of group revenues. The biggest of all is the main Nestlé brand, used across dairy products, mineral water, confectionery and prepared foods. It alone generates sales of around SFr 45bn a year (or almost E30bn), equivalent to 40% of combined revenues. It is supported by Nescafe, Nestea, Maggi, Buitoni and Purina, which between them contributed a further SFr 30bn or so in revenues.

Beverages remains Nestlé's biggest business, and also it's most profitable, contributing almost a third of operating profit. Powdered and liquid beverages excluding water generated combined revenues in 2015 of SFr 19.25bn (E17.8bn); while Nestlé Waters (Perrier, Vittel etc - see separate profile) reported additional sales of SFr 7.63bn (E7.13bn), of which SFr 7.1bn (E6.6bn) was actually water. The group was a pioneer in the creation of soluble or powdered drinks, using a process it first developed for milk. That portfolio is now dominated by Nescafe, by far the biggest soluble coffee brand worldwide. Combined sales from coffee alone, and coffee making systems, all included in the powdered and liquid beverages total, were SFr 8.88bn (E8.2bn) in 2015. Nestle is the global leader in coffee with around 23% share in 2015, according to Euromonitor. (JAB, owner of Jacob Douwe Egberts and Keurig, ranks #2 with around 15%).

In addition Nestlé is the world leader in non-coffee soluble beverages with chocolate drinks Nesquik and Nescau, and Milo chocolate malt. Nestea and other ready-to-drink chilled teas are produced by Beverage Partners Worldwide, a joint venture with Coca-Cola in Europe and Canada. Until 2014, the group also owned shelf-stable fruit juice business Juicy Juice, but this was sold off in 2014 to private equity and is now part of Harvest Hill Beverage Company. Main rivals in beverages include Danone (in bottled water); Jacobs Douwe Egberts, Kraft Heinz, Smucker, Lavazza and Tchibo (in coffee), and the Pepsi-Lipton Partnership in chilled tea.

Linked to its coffee business is the fast-growing coffee vending system Nespresso, sales of which are now around SFr 4bn. The group launched a new premium tea dispensing system, Special.T, in September 2010, but so far sales are restricted to the launch markets of France and Switzerland. The group also markets more robust coffeemaking systems for professional or office use. Jacobs Douwe

Egberts and its linked company Keurig are its main rivals in consumer coffee systems; Mars has a small presence in office systems.

Sitting behind Beverages is the Milk Products & Ice Cream division, with combined revenues of SFr 14.64bn (E13.7bn) in 2015. Traditionally the core of this business is provided by shelf-stable dried powder products ranging from infant products (Nido, Nespray and others) to Coffee-Mate, or milk-based cooking products such as Carnation and La Lechera. More recently the group has introduced chilled dairy products under its shelf-stable brand names, as well as ready-to-drink flavoured milks, La Laitiere, Yoco and LC1 yogurts, fermented drink Chamyto, and low-fat concentrated milk Gloria. Nestlé enjoyed some success with the roll-out of Sveltesse as the umbrella for a wide range of wellness-oriented chilled low-fat dairy products and other other healthy dessert items.

However, in general the chilled dairy sector has been one in which Nestlé has delivered an uncharacteristically weak performance compared to rivals. In the UK, Nestlé acquired a portfolio of local yogurts in 2002 including Ski and Munch Bunch, but these still rank far behind behind Muller and Danone. In 2003, the company formed an alliance in Germany and Austria with Muller, licensing that company rights to its LC1 brand. However Nestlé's chilled dairy range has struggled to overtake the considerable overall lead already enjoyed in this sector by Danone. In 2006, the group merged all its chilled dairy operations in the UK and mainland Europe into a joint venture controlled by Lactalis of France. Nestlé's chilled dairy products are marketed in Brazil, Argentina and several other Latin American markets since 2003 by Dairy Partners Americas, a joint venture with New Zealand's Fonterra dairy cooperative.

Milk products also includes a large portfolio of breakfast cereals, which are marketed outside the US by Cereal Partners, a joint venture with General Mills. Combined sales of milk products totalled SFr 10.68bn (E9.9bn) in 2015. Ice cream had been an important growth area in recent years, with sales rising by well over 60% between 2000 and 2006, mostly through acquisition. The group's international ice cream products include the Drumstick, Maxibon, Extreme and Sin Parar novelty brands, and it also experienced considerable success with a range of low fat home-serve ice creams. In fact, in 2006, Nestlé claimed to have overtaken Unilever to become the global #1 after bolting on key regional ice cream businesses including the Moevenpick ice cream brands in Germany and Austria; and control of Haagen-Dazs and Dreyer's in the US. In 2003, Nestlé acquired rights to Moevenpick in the rest of the world (except New Zealand), and acquired Delta Ice Creams of Greece at the end of 2005 for E240m. Most of the group's regional ice cream businesses were rebranded under the Nestlé umbrella. Those that remain with separate brands include Frisco (Switzerland), Boci (Hungary), Motta (Italy), Camy (Spain) and Savory (Chile). The group became local market leader in several key markets including Spain, Switzerland, and Scandinavia; the USA, Canada, Peru, Chile and Argentina; and several Asian territories.

However after nine years of trying to break the stranglehold of Unilever and Mars in the UK, Nestlé conceded defeat in 2001, selling its operations there (the former Lyons Maid business) to R&R Foods, a leading manufacturer of own-brand supermarket ice creams. A similar strategy resulted in the sale of Peter’s ice cream of Australia to private equity backers in 2012. (Peters was itself subsequently acquired by R&R in 2014). South Africa ice cream followed suit in 2014, and late the following year the group began talks to offload most of its remaining operations outside the US to R&R in return for a 50% stake in the enlarged business. A deal was finally reached in April 2016 and completed in October. The new business, named Froneri, took charge of all of Nestle's remaining ice cream business in Europe, the Middle East, the Philippines, Argentina and Brazil. Froneri also controls Nestle's other frozen foods businesses in Europe, excluding pizza, as well as chilled dairy in the Philippines. The key ice cream markets excluded from the deal are the US and Canada, which Nestle continues to manage itself. Nestle reported total ice cream sales of SFr 3.95bn (E3.7bn) in 2015.

According to Euromonitor estimates, Haagen-Dazs was the #2 ice cream brand in 2015 with sales of $2.1bn. Unilever controlled the remaining six top-sellers. Nestle's biggest brand was Dreyer's/Edy's in the US, ranked #7 with sales of $773m. Drumstick (a version of Unilever's Cornetto) was the company's next biggest brand, ranked #11 with global sales of $616m. It was followed by Nestle-brand tub ice cream at $449m and Dreyer's/Edy's Outshine frozen juice and yogurt bars at $436m.

Unilever is the dominant competitor in this sector. Euromonitor estimated Nestle's global share by value of ice cream at 10.8% in 2015, to Unilever's 22.8%. R&R had 0.8% share that year, ranking 6th behind General Mills, Lotte and Mars. Nestlé Nutrition was spun out of the Milk Products business as a separate unit in 2006. It now operates across two sectors: infant nutrition and healthcare nutrition. The largest of these is infant nutrition, operating under the overall umbrella of the Nestlé Baby brand. There are numerous sub-brands, which vary widely from market to market. They include Cerelac and Nestum infant cereals, Nan milk formula and key local brands Beba in Germany, Mucilon in Brazil, Nestlé Good Start, Lactogen and several others. NaturNes is a new brand launched in 2008, the umbrella for an extensive range of more than 40 different flavours of 100% natural fruit and vegetable purees. However the most significant brand of all is Gerber, which dominates the US baby food sector with more than 80% local share and is also present in Mexico and other Latin American markets. This was owned until 2007 by another Swiss company, Novartis. After several months of negotiation, Nestlé was able to persuade Novartis to part with the business in early 2007 for $5.5bn. In 2012, following a fiercely competitive auction, Nestle agreed to acquire Pfizer's Wyeth infant nutrition business as well, with brands including SMA, Progress, Promil and S-26, for a lavish $11.85bn, more than five times annual revenues. Some regional brands were sold to comply with regulators, and others were divested (including Alete and Milasan in Germany) in 2014 to better streamline the portfolio. Nestle was already the global leader in the milk formula sector with over 17% share (Euromonitor 2010). The addition of Pfizer increased that to just under 23%. Mead Johnson ranks #2 with over 15%, followed by Danone (13%) and Abbott (11%).

The group operates in the healthcare or medical nutrition sector under the banner of Nestlé Health Science. Older brands in the portfolio include Nutren for children, and Peptamen and Clinutren for older or geriatric patients. These were strengthened in 2006 by a separate agreement with Novartis to acquire its US medical nutrition business, including adult nutritional products Boost, Resource and Isocal, and medical dieting formula OptiFast. The purchase price was around $2.5bn. Nestlé is now the close #2 in healthcare nutrition behind Abbott.

Two other nutrition businesses have been sold. The group developed an involvement in performance nutrition in 2005 with the acquisition of sports brands such as PowerBar, Pria and Musashi. These brands were sold in 2014 to US cereal group Post Holdings. Also in 2005, Nestlé moved into a fourth sector with the acquisition of Jenny Craig, a leading brand of weight management snack bars and prepared food products, marketed mainly in North America, Australia and New Zealand. The Jenny Craig brand launched in France and the UK for the first time in 2010. However, the business failed to gain ground. The European units were later shut down and the US and Australian arms of Jenny Craig were sold in 2013.

Combined sales for Nestlé Nutrition & Health Science in 2015 were SFr 14.85bn (E13.9bn), of which around three-quarters was contributed by the infant nutrition portfolio.

Prepared Dishes & Cooking Aids encompasses a wide range of convenience foods and sauces. This division is the group's third largest, with combined sales in 2015 of SFr 12.58bn (E11.8bn). The biggest international brand in this portfolio is Maggi, encompassing frozen foods and a wide range of sauces, soups and prepared dishes. In 2004 Nestlé acquired a 49% stake in Germany's #2 frozen pizza brand, Wagner, and increased that to a controlling stake during 2005. Stouffers is the leading brand in the US frozen dinner/entree segment, supported by the Hot Pockets frozen filled sandwich range (now also marketed in Europe under the Maggi umbrella). Buitoni markets Italian cuisine, while Herta is the leading name in the chilled processed meat market in continental Europe with a wide range of charcuterie, pates, sliced meats and frankfurters. Thomy and Torchin are dressings and condiments brands in Western and Eastern Europe respectively. Winiary in Poland markets a range of local sauces and mayonnaises. In 1999 the group took an 80% stake in Totole, a leading chicken bouillon brand in China. Also that year, Nestlé sold off its Findus frozen food brand in Europe (apart from in Switzerland and Italy) to buyout fund EQT Scandinavia, but retains the Lean Cuisine prepared meals brand in Australia and in North America (as part of Stouffer's). The UK's Crosse & Blackwell ambient condiments portfolio was sold in 2002, and the remaining US sauces and preserves were divested to JM Smucker in 2004. The Ortega Mexican foods business was also sold in 2004. The group's main global rivals in culinary foods are Unilever and, to a lesser extent, Kraft Heinz. However, in 2009, some of the competition with Kraft was defused with Nestle's acquisition of its rival's extensive frozen pizza business in North America, led by DiGiorno.

Petcare reports separately following the creation of Nestlé Purina Pet Care (see separate profile). Sales in 2015 were SFr 11.49bn (E10.7bn or $12.0bn). Rivals include Mars, Colgate-Palmolive, JM Smucker and Spectrum Brands.

Nestlé is a major manufacturer of Chocolate & Confectionery, with a leading position in several continental European markets. The group has a strategic partnership with German manufacturer Barry Callebaut to supply chocolate mass in France, Italy and Russia, and agreed an alliance in 2007 with Belgian luxury chocolatier Pierre Marcolini in 2007 to pool the latter's technical and artistic expertise with Nestlé's global marketing skills. Nestlé is the world's #3 confectioner (behind joint leaders Mars and Mondelez. Confectionery sales in 2015 were SFr 8.87bn (E8.3bn or $9.2bn). Chocolate contributed just under three-quarters of that sum, with the rest split more or less equally between sugar confectionery and biscuits. Euromonitor estimated 12.1% share of the global chocolate confectionery market in 2013. Within the industry of yogurt, there are many players in the market. The most dominant brand name players inside the United States are Dannon, Stonyfield Farm, and Yoplait. Yoplait, of General Mills, is the number one yogurt in the United States. They own 37% of the market share through their different brands, including the Colombo brand. Stonyfield Farm owns 6% of the market share, and Dannon is right behind Yoplait taking 31% of the market share. Yoplait is the most prominent player within the market today. General Mills, Inc. has the leading yogurt company in the United States. Competing in a $2.9 billion industry, they contain the highest market share amongst their competitors.

General Mills, Inc. has become one of the world's most trusted brands since their birth in 1860. General Mills simply began as a milling company, which began in the Mississippi River. They started with two flourmills and grew to become one of the largest, most trusted brands in the world. General Mills has become a prosperous and diverse company that has strived to provide innovative products to their customers continually throughout the years. General Mills has six different strategic business units within their company. It consists of the Big G, Meals, Pillsbury, Baking Products, Snacks, and Yogurt. The Big G is the cereal division of General Mills; they hold big name brands such as Cheerios, Chex, and Total. The Meals division has products like Hamburger Helper, Progresso Soups, and Green Giant. The Pillsbury division was acquired by General mills and is the leading company within the refrigerated dough market. The Baking Products division is the home of Betty Crocker, Bisque, and Gold Medal products. The Snacks division, who holds the top market positions, has several brands from Fruit Roll-Ups to Nature Valley. Lastly, the yogurt division runs Yoplait, the number one yogurt within the industry and Colombo. General Mills operates internationally mainly through joint ventures, but also through acquisitions. Throughout the years General Mills has acquired Pillsbury, which is still in the works, and Green Giant. General Mills also has several joint ventures throughout the world. General Mills has a 50 –50 joint venture with Nestlé in the cereal division where their products are available in more than 130 countries throughout the world. General Mills also works with PepsiCo in a joint venture in the snack division. The successful joint ventures have allowed the companies to share their resources and capabilities to gain a lucrative competitive advantage. General Mills functions horizontally using the acquisitions, mergers, and alliance technique. This allows the company as a whole to gain more market power and coverage throughout the world.

UNILEVER

Unilever was established in 1948 and produces house hold products like; detergents, toiletries, cosmetics, and food products. Unilever is a large corporation that has over 500firms worldwide. Their products are sold in more than 170 countries. Unilever originated in Europe and then expanded to the United States, starting with two U.S. factories. They can be located in parts of Asia, Africa, North America, the Middle East, Western Europe, and South America. Unilever has a very impressive portfolio that includes eleven brands that annually gain revenue of more than one billion dollars each. Unilever is aiming for global processes and alignment of their human resource activities.

“Unilever is working with Accenture to identify supply opportunities within the marketplace and will look to develop longer term relationships with a rationalized base of preferred suppliers. We seek to do business with those who can supply goods and services in a reliable and cost effective manner.” (2010) there is even a way to apply to be one of Unilever’s suppliers that will provide human resource goods and services.

Unilever gained a lot of their success because of the ability to adapt to new markets and technology. In order to help with the increase in revenue, Unilever changed companies focus to places with higher potential for growth. Concentration on new emerging markets, who had a high young population with increasing incomes, caused their developing world sales to increase by substantial amounts. Even while the company was facing struggles such as the Great Depression of the 1930’s, they were concentrating on diversification and expansion of their food markets. Unilever put great efforts into research and development. Unilever’s marketing efforts only varied slightly from the 1950’s until the 1980’s. In this time frame Unilever focused on technology, new products, new global markets, and keeping up with the world economies expansion. By the time the 1980’s arrived

Unilever was one of the biggest global corporations which allowed them to focus their marketing efforts on their existing portfolio. By the 1990's

Unilever chose to keep its focus on its portfolio and even eliminated some of their brands so they could keep a strong focus on the top global sales products. In the 2000's the company implemented a new five year strategic plan that focuses on the needs of consumers and a better future.

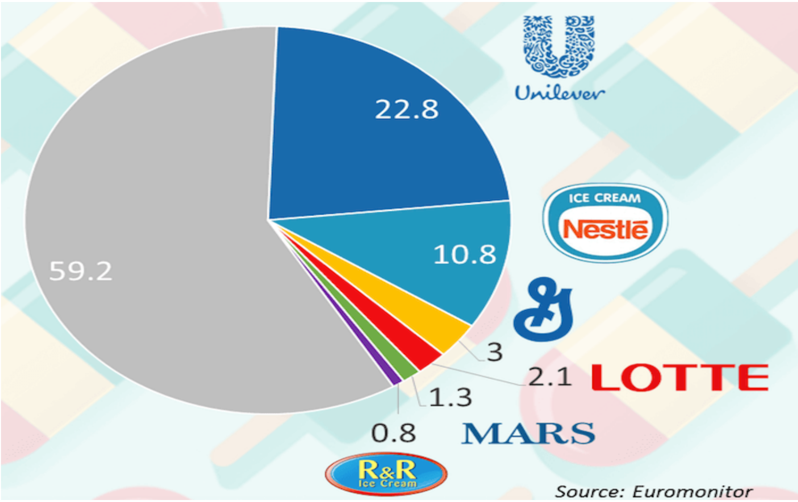


Fig 2.1. Ice Cream Global Market Share, 2015

Source: Euromonitor

https://www.google.com.ua/search?q=euromonitor+ice+cream+market+share&biw=1287&bih=615&noj=1&source=lnms&tbm=isch&sa=X&ved=0ahUKEwjn49O6_ZHSAhUK1iwKHcydBr0Q_AUICCgB#imgrc=qcEOsqPWgQyEqM:

DANONE

Danone is a French multinational food-products corporation based in Paris. It has four business lines: Fresh Dairy products, Waters, Early Life Nutrition and Medical Nutrition. The company is listed on Euronext Paris and on the OTCQX market via an ADR (American Depository Receipt) program. It is present in over 130 markets and generated sales of €22.4 billion in 2015, with more than half in emerging countries. In 2015, Fresh dairy products represent 50% of the group's total sales, Early Life Nutrition 22%, Waters 21% and Medical Nutrition 7%. There have been reports and allegations in 2013 that Danone engaged in unethical marketing of infant formula in China, Indonesia, and Turkey.

This couple of week sees the publication of Nestlé and Danone's financial results for Q4 and full year 2015, which is a good time to take a quick look at where they stand in the global health and wellness (HW) market according to Euromonitor International's latest findings. Both companies are striving to develop and grow nutrition and health and wellness businesses and face similar opportunities and challenges that emphasise their strengths and weaknesses. Overall, The Coca-Cola Co continues to lead the global HW market in 2015 with its Diet Coke and Coca-Cola Zero brands; however, Coca-Cola saw its market share noticeably eroded over 2010-2015, affected by the sluggishness of low calorie cola. Second-ranked PepsiCo generally maintained its market share, thanks to its presence in both HW packaged food and HW beverages. From a HW perspective, PepsiCo seems to benefit from its wider HW portfolio compared with Coca-Cola's sharp focus on soft drinks. Nestlé and Danone are primary competitors and both have a strong presence in HW bottled water and baby food.

DANONE VS NESTLE: HEALTH AND WELLNESS SALES BY SELECTED CATEGORY, WORLD, US$ BN RSP, 2015

FIRM	CATEGORY	US$ BN 2015	% GROWTH 2014-15
Danone	HW Dairy	11.8	1%
	HW Bottle Water	6.7	10%
	HW Baby Food	5.7	10%
Nestle	HW Baby Food	10.4	10%
	HW Bottled Water	7.8	5%
	HW Dairy	5.9	3%
	HW Ready Meals	1.2	-5%

Fig 2. Danone and Nestlé's core HW categories, World Sales, 2015

Source: Euro monitor International's Health and Wellness Database

The table illustrates global HW sales by selected categories of Danone and Nestlé in 2015. HW dairy is Danone’s biggest sales generator but, the company experienced a mixed performance in different regions. In Danone’s core HW dairy markets of Western Europe and North America, the company appeared to struggle with little improvement in sales in 2015. In recent years, It has faced problems in its traditional EU markets, including slow economic recovery, price pressure from chained retailers and tightening control on HW marketing and product development from the EC. Increasing its presence in emerging markets will therefore continue to be a strategic priority. Latin America has emerged as an exciting market for Danone, underpinned by several mega brands including Activia, Danonino, Paulista and Actimel. Activia doubled its sales over the past five years, reaching US$1.3 billion in 2015. Among all Danone’s HW dairy brands in Latin America, Actimel wasthe best performer in 2015 according to Euromonitor International’s Health and Wellness database.

2.2 Investigation of Nestle Manufacturing and Selling Strategies

Nestlé’s objective is to produce high-quality products with innovation and first-class technology. The company’s propaganda does not exaggerate that Nestlé’s products win a high reputation with its consumers. Nestlé’s portfolio covers almost every food and beverage category that gives consumers tastier and healthier products. As stated earlier, Nestlé owns nearly 8,000 brands in its target markets and sells over a billion products every day.28 especially, among lower and middle class in many developing countries and emerging markets, Nestlé is promoting a wide range of products at reasonable and affordable prices. Although Nestlé tries to keep cost low, they provide a balanced diet by compensating for local dietary deficiencies, and combine good taste with convenience and nutrition.

Organizational Culture

There is a very strong organizational culture in Nestlé. The same as other European companies, Nestlé typically adopts a decentralized organization approach in which international divisions have a high level of independence and decision-making autonomy. Each division focuses on its local markets to meet diverse needs. Nestlé also relies on a strong mission, shared values, and informal personal relationships.

Nestlé runs their businesses with strong characteristics of effectiveness, reliability, diligence and innovation. In compliance with the headquarters’ guidelines and budget control, regional managers are completely independent in making respective plans and strategies that fit to local markets. Through systematically organizing its intellectual properties, Nestlé makes great efforts to foster a corporate culture of continuous learning and knowledge sharing. For example, every year Nestlé provides employees with various training programs, and R&D and innovation programs.

Making human capital a high priority, Nestlé cares about their employees and focuses on team work. As the Director of Human Resource and Training Department for Greater China Yunque Chen says that, employees are the most important assets, the soul and carrier of Nestlé’s spirit and the most precious wealth of Nestlé.

In Nestlé, there is an open and close working atmosphere existing among top management and factory-floor employees. People are encouraged for upward communication and effective coordination and cooperation. Nestlé also addresses the importance of employee safety and work-life balance.

Corporate Ethical Values, Corporate Code of Conduct

Since its inception, the Nestlé Corporate Business Principles have been the basis of the corporate culture, and reflects the ideas of fairness, honesty, and a general concern for people. Nestlé's code of conduct specifies certain non-negotiable minimum standards of behavior in key areas.

Nestlé's mission to pursue a leadership position in Nutrition, Health and Wellness. The corporate slogan 'Good Food, Good Life' shows that the company encourages a healthy lifestyle by continuously offering tastier and healthier food and beverage choices to its customers.

Nestlé has a strict requirement and standard of quality assurance and product safety to guarantee its promise to worldwide consumers.

Nestlé commits to build and maintain good relations with suppliers and customers, and creates reliable communication channels wherein everyone is empowered to express his or her concerns about health and nutrition. For example, Nestlé has its presence in a variety of mainstream social networks and utilizes Apps to interact with customers, except for the traditional "Ask Nestlé" section in the company's official website.

Putting a strong emphasis on human rights, Nestlé treats their people with respect, honesty and fairness. The company encourages employees to promote a sense of responsibility and provides equal opportunities for their career development and advancement.

By using natural and renewable resources efficiently, Nestlé makes continuous efforts on environment sustainability whenever and wherever its factories and business operation centers exist.

Creating Shared Value

Aiming to achieve leadership and satisfy consumers' expectations, Nestlé creates a shared value that the company's behavior, strategies and operations are key driving forces to create long-term sustainable value for shareholders, communities, business partners, and importantly consumers.

To ensure the financial and environmental sustainability, Nestlé makes large investment in their behaviors and operations of product advancement, R&D and technologies, people development and brand-building. Without sacrificing for the sustainable development of future generations, Nestlé's objectives are to meet today's needs and to ensure profitable growth for its shareholders and society over the long-term.

Decision Making Processes

Today's dynamic changing environment has increased the number and complexity of decisions and created a need for new decision-making processes to large international organizations. The reason why Nestlé can keep a leading market position is that the company makes decisions based on the following principles: knowing customers, a long-term vision, product extension and innovation, production efficiency, quality control, multi-brands, and the autonomy of regional managers. These principles help Nestlé constitute a programmed decision-making system.

Nestlé uses management science, for example established rules, procedures and prior experience, as an excellent device for organizational decision-making when problems are analyzable to be identified and measured. Programmed decisions can be made generally based on clear criteria of performance, good information about current environment, specific alternatives, and relative certainty of a successful alternative. As a food and beverage company, Nestlé is taking advantage of mathematical formulas to precisely study customer data and make decisions about which new products to develop and how to market them. When it comes to non-programmed decisions, a number of factors can affect the processes by which decisions are made in the organization, especially the organization's internal structures and the external environment. Because non-programmed decisions are specific and poorly defined, and requires bargaining and conflict resolution. As far as Nestlé is concerned, the company uses a combination of the incremental and Carnegie Models for decision-making when identifying problems is uncertain or solving problems is difficult. To overcome individual biases, Nestlé tracks its organizational information on a daily basis to develop a deep and intuitive understanding of the business operations and seek advice from experienced and senior employees during a major decision. In order to integrate the overall strategic direction of the organization, Nestlé usually brings multiple alternatives that involve everyone in the decision-making process to reach a consensus.

Conflict, Power and Politics

In a global organization, there are bound be the common conflicts between regional managers, or between geographic divisions and headquarters, because of the complexities of international business. According to Daft (2009) theories, resources of organizational conflicts mainly include goal incompatibility, differentiation, task interdependence and limited resources.

Under the global matrix structure, the organizational conflicts are unavoidable within Nestlé. For example, Nestlé's marketing and manufacturing departments may have potential conflicts. This is because marketing tries to extend the product lines to meet customer tastes, whilst manufacturing has to undertake higher production costs. In addition, the differences in values, attitudes, and standards of behavior within the company also lead to conflicts at different levels. In order to avoid organizational conflicts, Nestlé released three important documents -- "Package Design Manual", "Labeling Standards" and "Branding Strategy" to ensure that the organization has consistency in branding, marketing and product categories. It has also implemented the Business Conduct Code of Ethics to balance the interests, power and influence in different departments and divisions.

Nestlé has a decentralized organizational structure, where in the power distribution reduces the potential uncertainty, increases the cooperation, ensures resource allocation, and copes with strategic contingency. Nestlé gives a certain level of authority to its business divisions in different countries. The headquarters usually expect desired outcomes and great performance for the whole organization. On the other hand, the use of power in a large organization requires both skills and tactics. In Nestlé, there are about 5,000 management positions directly controlled by the headquarters. Many of the middle-top staff are selected by the headquarters to serve in a number of countries.56 Nestlé's top management are often more willing to hire, transfer, and promote its people who are able to bring the expertise and innovation to the organization so as to achieve shared goals. The company tries to accumulate their experience and abilities, enabling them to become the pillars of the company, helping to achieve company strategies.

Nestle is operating its company in developed countries and developing countries having more than 450 factories across the globe. During the early 1990‟s, Nestle faced increased competition due to saturation in the European and North American markets. In addition, the balance of power was shifting away from the large scale manufacturer of branded foods and beverages and toward nationwide supermarket and discount chains. This resulted in heavy price consumption in several key segments of the food and beverage market (e.g cereals, coffee, and soft drinks). Because of these developments, Nestle has concentrated its growth strategy toward emerging markets such as Eastern Europe, Asia and Latin America. These markets present attractive opportunities for the company as they entered a stage of economic and population growth combined with the adoption of market-oriented economic policies by the government. Moreover, consumers in these nations with rising income are likely to buy branded food product instead of basic "no brand" food.

Differences in raw material resources:

Nestlé has over 8,000 brands, with a wide range of products across a number of markets in different countries, including coffee, bottled water, milkshakes and other beverages, breakfast cereals, infant foods, performance and healthcare nutrition, seasonings, soups and sauces, frozen and refrigerated foods, and pet food. These products require raw material to produce them into finished product. Nestle maximizes its short-term profit by establishing factories in countries where there are adequate availability of raw materials. Nestle also import this raw materials in countries where raw materials are inadequate. For example: Nestle has factories that produces palm oil in Borneo and other regions of Africa. Nestle purchases cocoa from Ivory Coast and is used in the production of chocolate in the United States of America (USA).

Differences in the Labor Force:

Nestle locates its factories in countries where there is availability of labor force. Nestle tend to establish more factories where labor active individual are higher especially in Asia eg: (India and China) and in developing countries eg: (Nigeria and Ivory Coast).

Uneven distribution of financial resources:

A product of Nestle that is produced in a country can have more transformation of inputs to output more than the other country which is required by the market. This is due to uneven distribution of financial resources in the production process. This includes Land, Labor, Capital, and Organization).

The nature of political relations:

This is the decision that can lead to the transparency of international market and foreign investment. As a result of increased completion in Eastern Europe and North American markets, Nestle has focused it growth in emerging market. This is due to the political relations in countries like China and Russia that have huge potential as they are close with foreign companies.

Nestle Company competitors

Competition typically is defined as among forms within an industry producing products that are substitutes for one another. Therefore, the identification and evaluation of marketplace competitors is a key element of strategic marketing and a vital element of the corporate survival. Nestlé is the market leader in the water industry. It is the first company which launched bottled water for first time in Pakistan and that’s why it has maximum market share than others because of being pioneer in this industry. It is also leading the other firms in new product introductions, distribution coverage, and promotional intensity. For different product categories there are different competitors of Nestlé. Nestle pure life (NPL) major competitors at this time who are also offering their water product in market are following: Pepsi is offering Aqua Fina. Askari water there are also other small competitors as well e.g. Classic, Nova etc which have very low market segments.

NPL share is 78%, Pepsi Aqua Fina share is 15%, Askari Water has share of 2.9%, and remaining 4.1 % is for all other competitors.

The current ratio at the beginning of reporting year and the current ratio at the end of reporting year are calculated below.

- At the beginning of reporting year:

current_r=111700/45400=2, 57

- At the end of reporting year:

current_r=109500/44300= 2, 47

Conclusion is that the enterprise can meet its current financial obligations using working capital.

The quick ratio at the beginning of reporting year and the quick ratio at the end of reporting year are calculated below.

- At the beginning of reporting year:

QR= (111700- 6500)/45400= 2, 31

- At the end of reporting year:

QR= (109500-7100)/44300= 2, 42

Conclusion is that the quick ratio at the beginning and at the end of reporting year higher than 1; it indicates that the enterprise can meet its current financial obligations with the available quick funds on hand.

The cash ratio at the beginning of reporting year and the cash ratio at the ending of reporting year are calculated below.

- At the beginning of reporting year:

cash_R= 91000/45400= 2, 00

- At the end of reporting year:

cash_R= 87000/44300= 1, 96.

Conclusion is that the cash ratio at the beginning and at the end of reporting year exceeds 0, 5; it means that the enterprise will be able to pay all its current liabilities in immediate short term.

The inventory turnover is calculated by the formula:

$$I\_turnover = \frac{62900}{(4800+5200)/2} = 12{,}6$$ Times

Conclusion is that the enterprise effectively replenished its inventory 12, 6 times during the course of the year.

N The day's sales in inventory by the formula:

$$Days\_I = \frac{(4800+5200)/2}{(49400)\ /\ 365} = 36{,}9 \approx 37\ \ days$$

Conclusion is that the enterprise turns its inventory into sales in about 37 days during reporting year.

The accounts receivable turnover by the formula:

$$Ac\_R\_turnover = \frac{62900}{(1700+1600)/2} = 38{,}1$$ Times

Conclusion is that the enterprise collected its accounts receivable 38, 1 times during the year. The days sales outstanding by the formula.

$$Days\_Sales\_Outs\tan ding = \frac{(1700+1600)/2}{62900\ /\ 365} = 9{,}6 \approx 10$$ Days

Conclusion is that it takes the enterprise about 10 days to collect revenue after a sale has been made.

The accounts payable turnover by the formula:

$$Ac\_P\_turnover = \frac{49400}{(6200+5300)/2} = 8{,}6$$ Times

Conclusion is that the enterprise pays its creditors 8,6 times in a year.

The days payable outstanding by the formula:

$$Days\_Payable\_Outstanding = \frac{(6200 + 5300)/2}{49400 \quad / \quad 365} = 42{,}5$$ Days

Conclusion is that the enterprise pays off its accounts payables in about 42, 5 days during the year.

On the basis of functional criterion, the MNCs are broadly grouped into:

1. Service MNCs.

2. Manufacturing MNCs.

3. Trading MNCs.

1. Service MNCs:

A service MNCs is defined as a transnational company which derives more than 50 per cent of its revenues from services. Service MNCs are found in areas such as banking, insurance, finance, transport, tourism, etc.

2. Manufacturing MNCs:

A manufacturing MNCs is one which derives at least 50 per cent of its revenue from manufacturing activity. A large number of MNCs has entered into the manufacturing sector. Out of the top 200 MNCs, 118 firms are manufacturing MNCs. They produce a variety of goods. For example, Parry and Cadbury Fry produce Chocolates, Colgate and Palmolive produce soaps and detergents, Ponds - cosmetic goods, Olivetti - Teleprinting equipments, Dunlop, Good Year, Ceat-tyres and tubes.

3. Trading MNCs:

A trading MNCs is the one which derives at least 50 per cent of its revenue from trading activity. These are the oldest form of multinationals. Trading MNCs control about 60 per cent of the world's export trade. Tatas, Liptons, Brooke Bond, Hindujas etc. are the trading MNCs.

Multinational corporations are creating millions of jobs, just not in America, according to Tax Notes.

From 1999 to 2008, employment at the foreign affiliates of U.S. parent companies rose 30 percent to 10.1 million. At the same time, U.S. employees of American multinational corporations decreased 8 percent to 21.1 million.

Because of American trade policy, which opens up foreign markets full of cheap labor for U.S. multinationals, companies have flocked to those areas where labor is cheap and plentiful and labor and environmental standards are nearly non-existent.

Over that time, U.S. multinationals created 522,000 jobs in China, 251,000 jobs in India, 137,000 in Brazil and 121,000 in Mexico. Because free trade agreements knock down trade barriers, Americans are now forced to compete with China's 113 million strong manufacturing workforce, each of whom averaged a wage of 81 cents-per-hour, just three percent of their U.S. counterpart's pay, according to the U.S. Bureau of Labor Statistics. Mexico, whose 10.7 million industrial workers average just $2.92 per hour, is only slightly better. Not only are multinational corporations costing Americans millions of much-needed jobs, but they are also costing the Treasury Department billions in taxes not paid.

"One of the keys to job creation is to encourage companies to invest more in the United States. But for years, our tax code has actually given billions of dollars in tax breaks that encourage companies to create jobs and profits in other countries," President Barack Obama said last week during a rally with Ohio Governor Ted Strickland. But if he, or other Democrats, were truly concerned about American jobs being shipped to far-flung places like China and India, they could have done something about it much sooner. In 2008 alone, U.S. employment at American multinational corporations decreased by 445,500, or 2.1 percent. At the same time, their foreign affiliates increased employment by 111,700, or 1.1 percent.

"The sad thing is that the outsourcing trend hurts everyone," Jonathan Berr writes at the 24/7 Wall Street Blog. "Companies in China and India are facing stiff competition from even lower-cost countries. Unfortunately, the world economy is now a roller-coaster ride that no one can figure out how to stop."

Recent statistics confirm an increasing degree of R&D internationalization by MNCs (Belderbos & Sleuwagen, 2007; UNCTAD, 2005; SFSO, 2010; OECD, 2010; Dachs et al., 2012). At the same time, the recent trend in the outsourcing of intellectual labor has given rise to the fear in European countries, and developed market economies in general, that they stand to lose their comparative advantage in knowledge intensive products as new countries emerge with the basic capabilities needed to provide some technology-based services. This phenomenon has been amplified by the shift from traditional competence exploiting (home base exploiting) foreign R&D activities (i.e. associated with adaptation and modification of existing technological assets to local demand conditions) to the competence creating (home base augmenting) ones, where MNCs 'tap into' local technical and scientific infrastructures (Cantwell & Mudambi, 2005; Kuemmerle, 1999; Pearce, 1999).

MNCs do not pop up randomly in foreign countries. They constantly attempt to increase their profits over time and choose to undertake foreign R&D investment in locations where their long-term profitability is expected to be improved. Diverse factors mediate the choice of a foreign location and motivate an MNC to invest: The resource-seeking and market-seeking investment approaches, which were the first motives for foreign investment, and the efficiency-seeking and strategic asset or capability-seeking investment, which came out in 1960 (Behrman, 1972; Dunning, 1992).

The dynamics of international business created a great need for the evolution of multinational Corporation. The multinational corporation is a company engaged in producing and selling goods or services in more than one country. It normally consists of a parent company located in the home country and few or more foreign subsidiaries. Some MNCs have more than 100 foreign subsidiaries scattered around the world. It is the globally coordinated allocation of resources by a single centralized management that differentiates the multinational enterprise from other firms engaged in international business. MNCs make decisions about market-entry strategy; ownership of foreign operations; and production, marketing, and financial activities with an eye to what is best for the corporation as a whole. The true multinational corporation emphasizes group performance rather than the performance of its individual parts. There are different types of multinational companies, such as;

a) Raw-Material Seekers: Raw-material seekers were the earliest multinationals and their aim was to exploit the raw materials that could be found overseas. The modern-day counterparts of these firms, the multinational oil and mining companies such as British Petroleum, Exxon Mobil, International Nickel, etc.,

b) Market Seekers: The market seeker is the archetype of the modern multinational firm that goes overseas to produce and sell in foreign markets.
Examples include IBM, Toyota, Unilever, and Coca-Cola.

c) Cost Minimizers: Cost minimizers are a fairly recent category of firms doing business internationally. These firms seek out and invest in lower-cost production sites overseas (for example, Hong Kong, Malaysia, Taiwan, and India) to remain cost competitive both at home and abroad.

MNCs have to follow the changes in macroeconomic factors, environmental and social issues, and business and industry developments. These factors will all profoundly shape the corporate landscape in the coming years. The following section deals with these trends.

2.3 Evaluation of Nestle Activity in Ukraine and Congo

A business evaluation, also known as a company valuation, measures the monetary value of a company. While the concept of measuring a company's value seems a straightforward idea, the various methods used to calculate the value can give widely differing results. Some of these methods rely on determining the company's net worth from its financial statements, while others depend on the amount of revenue the company generates or the amount a buyer is willing to spend to acquire its assets.

About Nestlé in Ukraine:

Most of Ukrainians love chocolate in one form or another and every week a typical Ukraine citizen spends around 400griven to 600 griven on it. Amazingly, Ukraine consumers have a choice of over 60 chocolate lines available from 2,000 outlets. Because it is not widely and readily available like other country, Ukrainians tend to take chocolate for granted, and few of them probably consider what is involved in producing it. The president of Ukraine as is own factory of chocolate named ROSHEN which is loved by Ukrainian.

Nestle has been operating in Ukraine since 1994, through a representative office and import of some products. Nestle’s competitor Kraft Jacobs entered the Ukrainian market by acquiring some local companies and started competing with Nestle aggressively. So when Nestle also started looking for acquisitions, Svitoch presented an opportunity, with its well-established brand name. Since 1998, Nestle invested about USD 41 million. The company presently makes 40 000 tons of confectionary annually and employed more than 1500 people. Subsequently, Nestle also acquired a ketchup manufacturing company in the region.

Today, the company employs approximately 4,500 people and operates four factories, nine sales offices, two distribution centres and the Nestlé Business Service Centre. The company manufactures a wide range of products which include: culinary (through the locally acquired brands Torchyn and Mivina), Beverages (Nescafé and Nesquik brands) and confectionery (Svitoch and international countline brands - Kit Kat, Nuts, Nesquik and Lion).

The origin of Svitoch dates back to 1882 as a sweet manufacturer. In 1910 it started manufacturing confectionary. It was in 1962 that the company acquired its name Svitoch. In the privatisation that followed the collapse of the Soviet Union, the employees of the company became owners. In 1996, it became a closed joint stock company, but was experiencing acute financial problems. In 1998 shareholders capital was reorganised and with the investment from Nestle a partnership was formed in 1999.

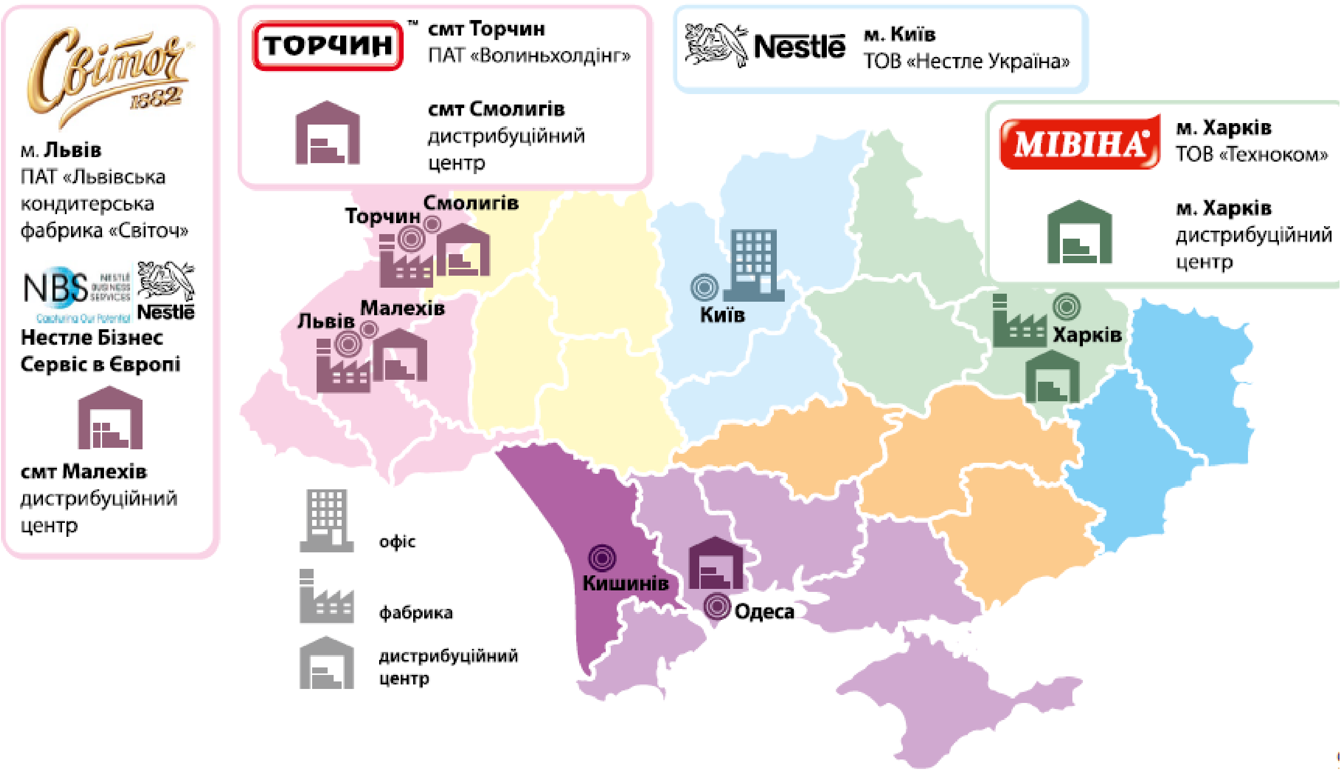
In addition to the capital inflows needed to save the company, Nestle's participation brought new production technologies and management skills. In 2002, Svitoch was awarded first priority level for good manufacturing practice and quality standards. Svitoch also benefits from being a part of Nestle's global corporate network. For instance, Svitoch's local staff is provided regular training in other units of Nestle worldwide. In terms of new management methods, Svitoch's production demands in terms of hygiene, cleanliness, workers' safety and production control are higher than those set by the Ukrainian legislation. Its financial control systems are also higher than Ukrainian standards. Svitoch procures about 70% of its raw materials through Ukrainian suppliers and the rest through imports. Five years ago the figures were 30% local procurement and 70% imports. Svitoch undertook efforts to develop suppliers' network in Ukraine. It constantly monitors quality and advises suppliers on quality upgrading. One of its suppliers Blitz Pack, which is associated with Samara of Russia, became a global supplier by supplying to other companies globally. Machinery for the production line of some chocolates was procured from a Ukrainian company, Petrovisky.

Svitoch carries out adaptation of its parent's product range to suit local taste, but does not carry out any new product-related R&D. For substantial R&D requirements it depends on Nestle's global R&D network. Prior to acquisition by Nestle, Svitoch had an in-house R&D department. Svitoch does not collaborate with any local universities for its R&D requirement. According to the company, the local research institutes do not specialize in the areas of interest to the company. However, if any university has an interesting idea, Svitoch is open to cooperation.

There are instances of some employees leaving Svitoch to set up their own companies (spin-offs). Nestle supports such spin-off firms by placing procurement orders on them.

Ukraine is an important market for Nestlé in Europe. Nestlé in Ukraine includes such key businesses: confectionery, Food, drinks, baby food, Nestlé Professional, Nestlé Purina. In functions Ukraine runs for three companies: JSC “confectionery factory "Torch", JSC "Volynholdinh" and LLC "Technocom". The three distribution centers smoothly address the needs of countries in products. In addition, the function of "Nestle Ukraine" with LLC "Nestle Ukraine "" Nestlé Business Services in Europe ", which provide hear sales and provide services.

Nestle successful performance contributes to economic development, creating jobs, generating tax revenue and many more local support with unique programs and initiatives. According to the 2015 report there are 4687 employees in Ukraine, 85% of outlets present in Ukraine are Nestlé products, and 81.5% of Ukrainians prefer at least one product of "Nestle Ukraine"



Source: Ukraine news

About Nestlé in Congo:

In Congo the favorite chocolate is Kit kat and more food beverage and dinks. Every week a Congolese spends like 20.000 franc to 70.000 franc on chocolate and nestle cerelac for babies and Congo consumer have choice over a lot of chocolate coming from others countries but it is not widely and readily available like others countries. Congolese people loves chocolate a lot especially children's in Congo. They produce some very delicious chocolate like Mambo. Let us evaluate the activities of the corporation in this country.

Nestlé Congo SPRL is one of the operating companies under Nestlé Equatorial African Region (EAR) Limited.

Nestlé Congo was established in 2009. The operations involved marketing and selling Nestlé products. Thereafter, administrative offices and a distribution center were set up in Kinshasa.

In June 2011, the first commercial production commenced and the factory was eventually opened on September 26, 2012.

Nestlé operates three distribution centers: Lubumbashi, Kisangani and Kinshasa.

Nestlé's decision to invest in the Democratic Republic of Congo by building a new factory has been met with skepticism about how much the local economy will benefit. The Swiss-based food giant announced two in 2010 that it would spend $40 million (CHF 41.9 million) over the next three years on a factory in the capital Kinshasa. It produced culinary and coffee brands including Nescafé 3-in-1 and Maggi stock cubes. But the granting of generous tax benefits to the group's Congo subsidiary has fuelled debate in the local business community. With its wars and political instability, Congo has not been an attractive option for foreign investors in recent decades. It was ranked 182 out of 183 countries for its weak business regulations in the World Bank's Doing Business 2010 report.

But spurred on by a series of measures taken by President Joseph Kabila's government to improve the business climate such as joining the Organization for the Harmonization of Business Law in Africa, Nestlé took the leap. Construction is now underway on a factory in the industrial district of Kinshasa. It is an investment that will "facilitate the availability and adaptation of its products to some 70 million Congolese consumers, a huge market in Africa", says Philip Bassem, CEO of Nestle Congo. The plant was expected to start production by late 2010. But its strategy of first using imported packaging, coffee and ingredients for producing bouillon cubes, and only changing to locally sourced raw materials by 2011, has aroused criticism. Not all of the local business community believes Nestlé's investment will bring real financial benefits to the country. Some members of the Congo Business Federation have denounced the government's largesse in allowing Nestlé to enjoy a unique tax status, despite the apparent lack of a guarantee that it will create the added value of more than 35 per cent needed to qualify for tax exemption.

The group will not have to pay taxes, duties and import taxes on raw materials for three years. Nestlé, based at Vevey on Lake Geneva, told swissinfo.ch that the added value of its initial investment in Congo was "exceeding the requirements stipulated by the local authorities to benefit from the investment subsidy scheme", a calculation "confirmed by a third party external to Nestlé Congo".

Nestlé said it would create employment for up to 300 employees by 2012 and indirect employment for local companies that provided materials and services to its factory. The tax advantages are deemed by many industrialists as "discriminatory and undeserved". As a result the government plans to do away with tax breaks which are ruining the treasury as they are constantly being granted, although only the finance ministry has the power to do so and claims to grant them sparingly. Bassem, convinced Nestlé merits the tax breaks although he cannot precisely quantify the company's added value, says "this investment generated more than 230 new jobs by 2012, when a second plant opened, exporting part of the production in the Democratic Republic of Congo's neighbours". Eventually, more than 300 people will were employed by the Congolese subsidiary, in addition to the 70 employees already working at the offices in Kinshasa, Lubumbashi and Goma.

New ambitions of the world’s largest food group are raising fears about its ownership of arable land, especially coffee plantations, to the detriment of local farmers. Nestlé says it is actively reviewing options to source local raw materials but they have to respect standards for their products and ensure a long-term and stable supply. Fears about land use are based on experiences of farmers in other countries, and what they see and hear on the television and radio. Bassem rejected these fears in an interview produced by Nestlé and published in Kinshasa newspapers. “Nestle has no desire to appropriate, or even acquire farmland to invest in the production of its raw materials. "We leave that activity to the care of local producers to contribute to the creation of economic prosperity in the country,” Bassem told Congo’s Observatorynewspaper. The company did not comment further. But Nestlé Congo does run a social project called New Hope which aims to strengthen the entrepreneurial skills and income of poor women by giving them the opportunity to sell Nestlé products like Nescafé, Nido or Cerelac. In Congo, however, there are still hopes that Nestlé’s investment will, over time, help boost the emergence of middle class and improve the living conditions of thousands of small producers. In 2013, Nestlé sales increased by 2.7% to CHF 92.2 billion, impacted by a negative exchange rate of 3.7%. Organic growth was 4.6%, with real organic growth of 3.1% and price adjustment of 1.5%. Acquisitions, net of disposals, added 1.8% to sales. The Group's current operating income amounted to CHF 14.0 billion, a margin of 15.2%, up 20 basis points from last year, 40 basis points at exchange rates Constants. Nestlé Continuous Excellence has once again created efficiencies of more than CHF 1.5 billion in all areas of the company. Combined with a reduction in structural costs, this allowed us to increase support for our brands and to absorb higher restructuring costs. The cost of products sold dropped by 70 basis points as a percentage of sales, also aided by the favorable environment of raw material costs. Administrative costs decreased by 40 basis points, reflecting gains in structural efficiency, including our pension plans. Total marketing costs increased by 60 basis points with consumer marketing spending up 16.3% at constant exchange rates. Net income was CHF 10.0 billion, down slightly due to the restructuring costs of our portfolio and the impact of exchange rates. As a result, reported earnings per share were CHF 3.14, down 2.2%. Recurring earnings per share at constant exchange rates increased by 11.0%. The Group's operating cash flow remained strong at CHF 15.0 billion.

Nestlé products have been sold in Africa for more than 130 years. The company opened its first factory on the continent in 1927 and now has a total of 29. The company has invested about USD 1.2 billion in Africa over the last five years to build up its local manufacturing capabilities, expand its distribution networks and develop more products catered to local tastes and needs. Demand for Nestlé products in Africa is such that the company expects to more than double its business on the continent by 2020. In the Democratic Republic of Congo, Nestlé offers brands including Maggi, Nido, Nescafé.

Conclusions to Chapter 2

People understand that food is a source of nourishment and satisfaction, but also pleasure, health, happiness and peace of mind, they are increasingly aware that their food and beverage choices can impact their quality of life and affect the lives of others. Innovation has been at the heart of Nestle Company since its beginning. They have the largest R&D network of any food company in the world, in this research we have provided an overview about how Nestle was able to take over a challenging segment of the global food production market. As ‘’Food is local’’ finding ways to expand quickly in his sector is a major challenge. From all the success strategies, we can draw the conclusion that the well-branded and well thought-out product range. Mergers and acquisitions are expensive and to compensate for this, nestle found ways to economize on use of equipment more their competitors by exchanging production lines between their own factories, another important economy was in advertising costs as Nestle instead used their brand synergy to launch new products. Nestle uses the same strategy in order food categories such as cereals, dairy products and confectionary. As we can see Nestle in Congo and Ukraine have a different way of consuming, we have to know that Ukraine is an important market for Nestlé in Europe. Nestlé in Ukraine includes such key businesses: confectionery, Food, drinks, baby food, Nestlé Professional, Nestlé Purina and in Congo they are still trying to commercialize more product like Maggi, baby food and more new ambitions of the world’s largest food group are raising fears about its ownership of arable land, especially coffee plantations, to the detriment of local farmers helping some Congolese to find more jobs.

CHAPTER 3

Vectors for improvement the production and sale strategies of Nestle Company

3.1. Determination of new industrial and geographical niches for Nestle

In 1990s Nestlé faced significant challenges in its market growth. Despite of the stagnant population in western countries the balance of power was increasing from large scale manufacturers like Nestlé, toward supermarkets and discounted chain stores. In result, Nestlé decided to lessen its focus on developed markets like North America and its home based market in Switzerland to emerging market like India and China. The driving force behind the decision of expanding its market share in emerging market is simple, as the population grows and government decisions favoring market economies brings attractive business opportunities for public living at intermediate income.

Although many of the counties are still living under poverty line, even living on $1 per day shows optimistic signs for the future markets. For example: as the current economic forecasts continues, there will be 9 billion people living on this planet as compare to today's population of $7 billion today, and coincidently the increase in population is all in developing countries. Nestlé uses the strategy which correlates the ratio of increase in income to use of branded food products, which means as a person earns more and has less time for making food in his/her home, they will automatically substitute for branded products.

In general the company's strategy has been to enter emerging markets early before its competitors and build a substantial customer base by selling products which suit the local population such as infant formula, milk, and noodles. Nestlé narrows down its market share to many small niche markets, as opposed to general or one for all strategies. Nestlé keeps the goal of commanding the niche markets by gaining at least 85% of market share in every food product it launches. For example, by pursuing such a strategy, Nestle has taken as much 85percent of the market for instant coffee in Mexico, 66 percent of the market for powdered milk in the Philippines, and 70 percent of the market for soups in Chile. As the income level rises in each niche market, Nestlé introduces an upscale version of the same brand to increase its profit level. Although Nestlé has become a global brand, it uses local identity to gain exposure in local markets. The company owns 8500 brands but only 750 of them are known internationally.

Customization is the key to Nestlé's global brand identity rather than universalism, which means Nestlé, uses global brand identity but, from the internal point of view, it uses local ingredients and other technologies that resonate with the local environment and brand name that is known globally. The customization of Nestlé's products causes many hindrances in carrying out its distribution of products from local farmers to factories. For example, in Nigeria the infrastructure placed is crumbling, trucks are old and political conditions are not suitable to carry out the processes successfully, so Nestlé adopted a new strategy to deliver its products to local warehouses which are convenient to local farmers for milk production. Although this might seem as an expensive solution, the local farmers have tripled their milk production and the supply of milk, which Nestlé has calculated as beneficent for the long term growth.

The execution of the strategy matches the planning of the strategy which is to plan globally and implement locally. Nestlé gives autonomy to its local branches based in different countries to make pricing decisions, and distribution decisions. Nestlé has expanded its growth by diversifying its product base to tomato ketchup and wheat base products such as noodle and tofu. Nestlé has expanded into 5 countries and expects to supply all food products throughout the regions namely, Turkey, Egypt, Syria, Dubai and Saudi Arabia.

Nestlé is also buying local companies in China and adapting its own portfolio for the Chinese market. Since many Chinese find coffee too bitter for their liking, Nestlé is working on a new "formula" to offer Smoovlatte, a coffee drink that tastes like melted ice cream. The company wants to be seen as a company that makes healthy food. Nestlé has used its brand name as strength to generate sales and to expand its market share, which includes it customization of products to fit its target market's profile. Although Nestlé has not always started from scratch, the company has used acquisition as a penetration strategy to expand and penetrate new international markets, which eliminates any local barriers to its competition. A few weaknesses which are related to the company's quality measure resulting in product recalls.

The company has decentralized its strategy units into 7 subunits in charge for different product lines, for instance, one – for coffee and beverages; another one focuses on ice cream and milk products. Nestlé brings its management level employees all around the world for 2-3 week training in its headquarters in Switzerland to familiarize them with their global culture, strategy and given them access to the company's top management.

The Theory of Nestle center's around a principled approach towards, 'Value Creation', as a basic requirement for a successful business and the never ending saga of success, for a global leader, who brings in the need to operate diligently and also create long-term positive value for society. This holistic approach of corporate governance in 'Creating Shared Value' is firmly embedded in the manner in which business is done across in all parts of the Globe. There are many examples, to substantiate this supposition and one such example is the organizational challenges in the health care sector. Nestle, has been very ambitiously pursuing its status of being a global giant and a leader in Nutrition, Health and Wellness. As the population grows the health care challenges multiply and the need to increase the intrinsic value, of the nutritional agenda, also increases and that is why Nutritional Health and Wellness has always been at the heart of 'Creating Shared Value'.

So, just like how a rainbow forms, a continuum of colors that seamlessly and gradually blend together the disposition, of providing corporate solutions, the (Theory of the Firm , Zenger 2008) means determining the boundaries of the firm in dealing with critical issues or the interconnectedness of factors like health & nutrition, water and rural development, as these are top priorities, representing both business opportunities and operational challenges , that are relatively intertwined and at the heart of 'Creating Shared Value'. In this context, the holistic management approach to corporate governance and corporate sustainability drives ensures commitment to prudently utilizing, scarce natural resources to harbor plausible long – term solutions for environmental and social sustainability. The key to addressing critical challenges in society is to discover innovative ways and means to collaborate and take collective action, in order to maximize the potential of being able to create shared value. By establishing a culture of integrity thereby Companies are in a better position, to uphold their basic responsibilities, to the people and the planet thereby setting the stage for long-term success.

So according to the Theory of the Firm, it is of vital importance to understand the alignment, of a bundle of unique resources and relationships such as assets, activities and resources and the combination thereof, whether within or without the firm. Although , the choice of this set of activities commonly falls outside the purview or scope of the theory of firm, there is a need as duly identified by organizational scholars to make this connection, more explicit in order to be able to highlight the importance between, 'value creation' and 'boundary choice'. (Zajac & Olsen, 1993; Teece, 1986; Jacobides et al., 2006; Argyres & Zenger, 2010). According to Lippman and Rumelt value is created through "the creation, evaluation, manipulation, administration and deployment of specialized scarce resource combinations (2003: 1069).

Ideally, in such a situation the entrepreneur-manager, follows a strategy by seeking to create value, by identifying what exactly to combine, bundle or organize for which it is imperative, for a company to consciously focus, on some vital components such as: the intersection between societal interests and the stakeholders interest and an optimization of both interests. As a result the company can work out wonders through incorporating some econometric models by investing and appropriately utilizing the immense potential of investing in talent and capital in order to seek collaborative action with the relevant stakeholders in society as societal convictions strengthen business. Therefore it can be rightly quoted that 'strategy scholars use varied language to define the desired relationships among the elements' targeted such as: "bundle of unique resources and relationships", "super addictive productivity", resource complementarity, "interconnectedness", or simply an "integrated set of choices about activities".

In terms of bringing in the rationale, for this assertion it will be appropriate to use a metaphor, an analogy, to gain a deeper understanding of some competing directional forces that drive towards the expansion of the firm. This exposition, is also aimed at challenging the critical analytical ability to gain comprehensive knowledge about the boundaries of the firm, as well as the governance choice for any given asset or activity. A group of scientist ventured to elucidate the simple example, of a glass half filled with water and kept in the open air. Now some people, may perceive that the glass which is half filled with water, lost half the quantity that was originally present due to a scientific process called as 'evaporation', while others may see that the glass is half full in the open air because of a process of 'condensation', owing to the climatic weather patterns of the rain fall condensing water vapor that accumulates in the clouds. So, what this actually means is that like the water level in the glass it is essential to infer that the boundary line between the elements of nature such as water and air is invariably dependent on the competing state of matter, which is that of liquid and gas and it is important to gain a full understanding of the factors that cause a shift in the states of matter which in this case is that of water and air. So it can be rightly asserted that it is neither a theory of condensation alone , nor a theory of evaporation alone, that can be considered , but in fact it can be considered more like a juxtapose to the theory of the water level; which can possibly characterize the competing theories of the firm .

Nestle, has always believed in innovation and this has always been at the heart of the company since its inception. The company stands firm in its belief that in order to prosper and create sustainable value for the shareholders and the society at large it is important to base commitments on convictions and not just convenience. The 'Corporate Business Principles' and guidelines reflect a principled approach to doing business and the compliance culture is committed to continuous improvement in sustaining the niche and brand equity of the NESTLE brand.

The Vision of this global conglomerate, is to build on the trust of its consumers and exceed expectations of the stakeholders and provide direction with a strategic focus across business units, market segments and regional zones with the aspiration to pursue excellence, quality and be dedicated to enhancing people's lives by continuing to evolve and adapt to a changing world . Each day is considered to be a new opportunity, to strive to improve and create better products through the relentless efforts and resources invested in research with a holistic passion to pursue the highest standards of quality and safety in order to contribute towards enhancing lives.

Major Product Initiatives 2017, identified across 'Zones and Market Segments' globally and other business potentials & 'Divestiture' into internationally renowned premium brands in order to achieve strategic organizational objectives: " Behind every man's success is a woman", and this is a famous old maxim that finds its way into the corporate mission and vision of a global giant that testifies to the fact that behind every one of Nestlé's products is a team of highly qualified scientists , engineers, nutritionists , designers and regulatory specialists dedicated to earning the trust of the consumers, by catering to their needs and preferences with safe products, with the highest standards of quality : at Nestlé, safety and quality are truly non-negotiable.

The sales performance, organic growth and real internal growth in zones across the globe accelerated with the introduction of frozen food in the US and continued to gain momentum in Mexico. Products like Nescafe Dolce Gusto, soluble coffee, confectionary and pet care products were the main revenue growth drivers. In North America initiatives were taken for the re-launch and repositioning of the Lean Cuisine and Stouffer's Fit Kitchen ranges has shown proven deliverables with steady growth for several months outpacing the market dynamics and driving recovery in the frozen meals category .

In Latin America, it was possible to see steady growth with soluble coffee although the economy of Brazil was resilient amidst economic uncertainties and

Coffee-mate and confectionaries added to the performance level expected in this region. In the Middle East and North African Region soluble coffee products and confectionary helped maintained the momentum of steady growth in several Middle Eastern market segments compensating partly for the economic downturn due to the difficult situations in Iraq, Libya, Yemen and other crisis stricken geographic territories. But it needs to be mentioned that there was lower input costs for dairy products across the region leading to negative pricing. There were new product initiatives in Nestle Water, as it maintained a fairly healthy growth momentum, with strategies focused on capitalizing on the rising demand for health beverages. Visibly strong performance could be seen in emerging markets such as Middle East, Turkey and Mexico. Nestlé Pure Life was another product that saw tremendous growth potential by accelerated sales revenue and growth drivers that indicated accelerated sales prospects.

Other business potentials signifying divestiture:

It can be reported that the growth and investment potential in premium brands like Nestlé Professional accelerated with growing momentum in emerging markets like Middle East, Turkey, Indo-China and the South Asian Region along with contending market potential in Indonesia and Latin America. The savory coffee solutions were apparently a highlight for the food business, as it drove the growth for beverages in the market, where it enjoys an unparalleled niche for coffee solutions. Nespresso also grew according to expectations, with investment into innovation, supporting the growth potential in its established markets in Europe and in newer emerging markets elsewhere. Apparently, new machines and services, the launches of new retail concepts, continued to be well-received by consumers across market segments.

Diabetes Niche

Swiss food giant Nestle SA, known around the world for its candy, ice cream, soft drinks and frozen meals, is aiming a major new marketing push at diabetics. Under a sponsorship deal with the world's largest food company, the American Diabetes Association will send information and advertising for certain

Nestle products to its members and others seeking dietary advice, in exchange for an undisclosed fee. Nestle is reducing the sugar content of some of its products and inventing new varieties of others, and promoting them with new ads appearing this month in diabetes-related publications. One new product, the "Carb Select" Nestle Crunch bar, which hit the shelves this summer, has no sugar and fewer calories than the normal version -- but per ounce, it has 22% more saturated fat and 42% more sodium.

Aiming such low-carb products at diabetics puts Nestle on a collision course with anti-obesity advocates. Some health-care professionals worry that products that are low in carbs but high in saturated fat and sodium may encourage people, particularly the growing number of juvenile diabetics, to overeat. "I find it irksome that big food companies that have done so much over the years to promote foods that are contributing to obesity now want to act as if they're helping solve the problem," says Kelly Brownell, director of Yale University's Center for Eating and Weight Disorders. Nestle says its products are meant to be eaten in moderation as part of a healthy diet. "While indulgent treats play a role in a healthy lifestyle that includes a balanced diet with regular exercise, we agree with health professionals: They should be eaten in moderation and full consideration should be given to all nutrient values," says spokeswoman Barb Skoog.

As part of the Nestle-ADA agreement, the association will put a Nestle-produced magazine, Everyday Eating, into the information packet it sends diabetics and other people who request dietary advice. The ADA also will send a letter from Nestle along with membership letters it sends to newly diagnosed diabetes patients, promoting a toll-free, Nestle-operated nutrition-information line. Nestle says it expects to reach about 250,000 people with the effort. Nestle products, however, won't carry an ADA-approved seal.

Nestle isn't the only big food company to take notice of the fast-growing population of diabetics. Diabetes-related magazines report double-digit increases in ads from big food companies this year alone. Hershey Foods Corp. introduced a line of sugar-free versions of its classic chocolates last year. Kraft Foods Inc. has

30 products it considers suitable for diabetics, up from just five in 1998, including sugar-free Kool Aid, Jell-O and Snackwell cookies. Kraft sometimes flags the line "Diabetic Choices." Currently, 13 of Kraft's brands use a seal that says "proud sponsor of the ADA" on packages or in ads. The ADA says it doesn't refer to its sponsorship agreements with Kraft and Nestle as endorsements. "We are in the information business, not the product-referral or endorsement business," says Nancy Stinson-Harris, managing director of corporate development for the association. "We try to develop win-win relationships with companies." Later this summer, the ADA is likely to adopt new saturated-fat and calorie guidelines that could preclude the use of its logo on certain products. For the fiscal year ended June 2003, Kraft donated more than $250,000 to the ADA, while Nestle contributed more than $100,000, according to the ADA's annual report. The ADA also has a sponsorship agreement with Merisant Corp., maker of Equal sweetener. The ADA says only about 10% of its budget comes from corporate deals.

For food companies, reduced-sugar products aimed at diabetics do double duty, appealing also to the broader group of consumers limiting their carb intake either as part of popular diets such as Atkins or South Beach or on their own.

According to the ADA, 18.2 million Americans have diabetes, including 20% of people over age 60 -- a 61% increase over 1991. More than 40 million Americans could be at risk, according to some estimates. More than 200,000 minors in the U.S. have diabetes, the ADA says.

Diabetes is now the sixth-leading cause of death in the U.S.; two-thirds of deaths among diabetics are the result of heart disease, according to the Centers for Disease Control and Prevention. For diabetes patients, limiting intake of refined sugar and other carbohydrates plays a major role in controlling the disease. All carbohydrates break down into blood sugar, or glucose, but refined carbohydrates, like white bread and pasta, break down more quickly than most high-fiber carbohydrates, such as fruits and vegetables. Diabetics are often told to limit their intake of refined carbohydrates, which can cause blood sugar to spike. Health experts worry that diabetics, especially juveniles, may be tempted to satisfy cravings by digging into low-sugar, reduced-carb products, without regard to their fat and sodium content. Diabetics suffer disproportionately from heart disease, so they are often advised to watch their fat and sodium intake. What's more, terms commonly used on low-carb food labels -- such as "net carbs" or "impact carbs," in the case of Nestle's Carb Select candy bar -- may pose other risks. Companies sometimes use sugar alcohols in place of some carbohydrates in these products, resulting in a low "net carb" count. But the effect of sugar alcohol on blood sugar remains a hotly debated issue in nutrition circles.

In particular, Nestle is targeting diabetics trying to avoid insulin injections by managing the disease through diet and exercise. Company research indicated diabetics often view their food options as unexciting and unappetizing. "People with diabetes have cravings for pasta and chocolate and want to be able to shop in the regular aisles at the grocery store and not go to a special section," says Ann Wohlsetter, director of the Nestle program.

But the ADA has started to rethink whether its logo belongs on a product full of saturated fat. The association is weighing a move to tighten its criteria for corporate sponsors' use of the seal. Until now, the ADA hasn't imposed limits on the fat, sugar or calorie content of sponsors' products using the logo. (It has, however, required such products to carry so-called exchange values indicating, for instance, fat and starch content.) The ADA won't comment on what the new guidelines for saturated fat and calorie limits may be. But Ms. Stinson-Harris says the association is prepared to risk losing sponsorships. In the case of Nestle, the ADA hasn't determined exactly what effect the new guidelines might have.

Nestlé's Bespoke Chocolate

Nestlé has long been known for making chocolate treats for the common man. Think Kit Kat or Crunch bars. But demand for pricier premium chocolates is growing faster than that of plain old candy. So the Vevey (Switzerland)-based company has devised a novel strategy to move up the value chain: customized confections. Internet shoppers in Switzerland and Liechtenstein can now order a taster pack from Nestlé’s Maison Cailler line of expensive Swiss chocolates. After nibbling the samples of five kinds of Ecuador-sourced chocolate with various cocoa content, consumers complete an online survey to determine their "chocolate personality." They then can order larger boxes of the candies, marrying their favored chocolate with preferred fillings ranging from peppercorn and vanilla to raspberry and verbena.

The bespoke chocolate experience doesn't come at Baby Ruth prices. A 16-piece box of the Maison Cailler chocolates costs 26 Swiss francs ($28.30). That's just 128 grams of chocolate, or slightly more than 4 ounces, so these custom sweets price out to more than $100 a pound. Yet such luxe pricing can succeed even amid the economic downturn, says Laurent Freixe, head of Nestlé's European business. "It may sound counterintuitive, but what's happening in the [financial] crisis is a quest by consumers for value, for more-affordable product, but also for products that overtake their expectations."

In high-end chocolate, Nestlé hopes to mimic a strategy it used to build demand for its Nespresso capsule, which helped create the luxury home-coffee market. That single-serving espresso-maker business began in only two countries in 1986, with Nestlé introducing online sales in the 1990s and stores in 2002. Now it's a 3 billion Swiss franc ($3.3 billion) brand, with about half its sales coming from the Internet and more than 250 boutiques worldwide. Nestlé already has tried its hand at other premium, customized goods. The company in 2011 began selling BabyNes formula milk capsules, which fit its own $272 single-serving machine. A year earlier it debuted pricey Special.T pods containing top-quality tea in France.

While Kit Kat bars are the world's ninth-biggest chocolate brand, according to Euromonitor International, the company has had mixed success in the premium sweets segment in the past. Nestlé, which merged with Cailler in 1929, sought to revamp the brand in 2006 with higher prices and packaging designed by architect Jean Nouvel. The overhaul was scrapped after it failed to boost revenue. Cailler still isn't well-known outside of Switzerland, with only 8 percent of sales coming from abroad. "Nestlé is a strong player in the mass-market, but in the premium segment, it doesn't have a strong reputation," says Patrick Hasenboehler, an analyst at Bank Sarasin in Zurich.

Chocolate producers including Swiss rival Lindt & Sprüngli Group already sell online, but only for standard products. Bespoke chocolate is generally sold by niche chocolatiers. Maison Cailler's online store will generate the bulk of its revenue, although some sales will come from a boutique in Broc, Switzerland, home to the 193-year-old Cailler brand. Nestlé plans to expand the custom candies to neighboring countries beginning next year.

After expected growth during last month's Full Year Results, Nestlé has announced a clean-up for its confectionery business. Premium brands are in, and mass are out.

Indeed this month the company announced the launch of premium Turkish chocolate brand Damak in the US in an attempt to tap into this profitable growth market, albeit late. Damak, a heritage brand well known in Turkish households for its indulgent pistachio flavour, has a clear USP for the US consumer. At the same time, Nestlé announced it will up its investment in Italian chocolate brand Baci Perugina to turn it into a truly global brand. This latter strategy in particular is key to setting forth Nestlé's leadership in chocolate; given its size, Nestlé does not have many global brands.

Indeed looking at Nestlé's ranking in chocolate confectionery, whilst strong in Latin America and India, it could address its weaker position in the US, China and parts of Europe. Moreover, whilst Kit Kat is the most geographically spread, many of its largest chocolate confectionery brands still have a limited global presence.

3.2. Upgrading the instruments of corporate strategy of Nestle

According to Bell and Shelman (2009), Nestlé's sales expanded rapidly across Europe a few years after its inception. The company started developing an international reputation, and in 1905 it took the strategic decision of acquiring its main competitor, the Anglo-Swiss Condensed milk company (Bell and Shelman, 2009). The Federal Trade Commission refers to this as a horizontal merger where a firm acquires a former competitor allowing for a consolidation of companies in the same industry (Barney, 2011). As a result, Nestle in the early 1900s began positioning itself as a powdered milk, and infant food company. Furthermore, the combined companies through the Nestle brand name continued to grow through product and market extension mergers.

Barney (2011) describes a product extension merger as one which adopts a complementary product through an acquisition, as seen in the case of Nestle which aligned product adoption in categories such as sugar, milk, cocoa and coffee. Nestlé further undertook market extension mergers which involve gaining entry into complementary markets through acquisitions (Barney, 2011); whereby Nestle entered the confectionary, coffees, cereals, soft drinks, ice cream, water and prepared foods markets (See Ansoff Matrix below).

Ansoff (1965) would argue that Nestlé uses four different approaches to grow its products and markets. To explain the reasoning behind Nestlé's past M&As they can be assigned into these categories of growth which include: market penetration, product development, market development and diversification (See Ansoff Matrix above).

During the 1920's, Nestle diversified its portfolio from infant formula to include Milo. This was its first powdered drink not created for infants. Spanning from 1938 to 1948, Nestlé made the decision to enter into coffee and tea sector with the launch of Nescafe and Nestea. Nestle also diversified into the confectionary market, prepared foods, water, pet foods, energy bar and weight loss markets with the acquisitions of Peter, Cailler, Kohler Swiss Chocolate Company, Maggi, Vittel, Friskies, Powerbar and Jenny Craig respectively. Diversification outside the food and drink industry to enter pharmaceuticals and cosmetics was executed in the 1970's when it became a minority shareholder of L'Oreal (25%) and later acquired Alcon Laboratories. Barney (2011) highlights that acquiring new companies leads to reduction in production or distribution costs through economies of scale and vertical integration.

Mergers and Acquisitions are also beneficial:

- Increasing market share
- Improve industry know how and positioning
- Create financial leveraging
- To improve profitability and EPS

According to Lasserre (2012), M&As can also create several types of values for a company. He argues that they are justifiable if the economic value of the two entities is worth more combined than the sum of independent values before the merger (2012). Thus, the businesses must create shared economic values through synergy by increasing revenues whilst decreasing costs. Lasserre assumes these created values can be both short-term (one-off value) and long-term ('synergistic' effects).

Diversification and global reach were the main values created for Nestlé in its acquisitions. For example, Carnation enabled Nestle to extend not only in its product range but also to reach new areas around the world. The following table outlines the values created through Nestlé's M&A's.

Furthermore, the relationship between Nestle and L'Oreal developed further when they created two joint-ventures: Galderma and Laboratories Inneov. According to Barney (2011), joint ventures are undertaken in order to manage risk, share costs, and enter into new markets and industries. It is assumed that Nestle saw the benefits of alliances rather than acquisitions into the cosmetics market due to its lack of knowledge on the industry. Once Nestlé diversified its portfolio, they followed-up by expanding brands through what Ansoff (1965) refers to as market penetration. In order to utilise its current resources, and take advantage of the market opportunities created by Milo and Nescafe, Nestle developed new brands such as Nesquik and Nespresso (Bell and Shelman, 2009). Â Additionally, Nestlé acquired more brands consistent with its presence in the water and pet foods market: e.g. Vittel and Friskies. According to Ansoff (1965), market development is the introduction of existing products into new markets. This can be seen through Nestlé's acquisitions of Stouffer, which enabled the company to sell its food products to different markets: frozen prepared meals.

Lastly, Nestle used product development to introduce new products such as Buitoni, Carnation, and Kit Kat to grow within its existing market of food, powdered drinks and confectionary. Nestlé's diverse portfolio provides it with a competitive advantage, and has enabled the company to become the world's largest food and Beverage Company. However, it seems that some product diversifications through mergers and acquisitions led to the downfall of its profits; especially visible in the years leading up to Maucher's administration (Bell and Shelman, 2009). Barney suggests that mergers and acquisitions between strategically unrelated businesses do not necessarily create significant economic profits. Thus, it can be assumed that Nestlé's strategically unrelated acquisition of Alcon and partial acquisition of L'Oreal between 1974 and 1977, contributed to a decline in profits between 1978 and 1981.

Supply Chain Rationalization

As Nestle grew and entered new markets, they worked towards horizontally integrating their supply chain. According to Christopher (2005), companies such as Nestle seek to spread geographically, whilst reducing costs through economies of scale by prioritizing manufacturing and operational processes. This can be seen throughout the 1900's as Nestle invests in its value chain by: opening processing plants within the U.S., Britain, Germany and Spain; manufacturing in Australia; warehouses in Singapore, Hong Kong and Bombay; and factories in the U.S. and Brazil.

Moreover, Nestle made the strategic decision of establishing local supply chains which meant deploying its agricultural capabilities down to the farm level through strategic alliances. This is referred to as their "milk district model" which allows farmers to supply milk to the company directly and in exchange Nestle provides its resources and know-how, such as providing storage and chilling facilities (Nestle, 2012). This highlights the fact that Nestle was seeking to establish its value chain activities, or Global business system, earlier on in its history. According to Hill and Hill (2009), this type of model has the capability of reinforcing a company's competitive advantage as it is able to overcome barriers to integration, better respond to delivery speed, simplify sharing of information and reduce costs of production.

Adapting to a Global Role, Refocused Strategy

Nestle recognized that for it to sustain its competitive advantage it needed to establish a global technological platform to capture data, manage information and create knowledge. Consequently Brabeck made the strategic decision of initiating the GLOBE system. Using this common technological infrastructure, it would be able to share information amongst all Nestlé's businesses and allowed for a synchronization of data in its supply chain.

Nutrition has always been an integral part of Nestlé's vision, dating back to its first nutritious infant formula. However, due to Nestlé's realisation of "consumers being increasingly aware of the link between food, health and personal wellbeing", there has been more of a shift away from a technology and processing-driven image towards health and wellness. Under Brabeck's tenure, a Nutrition Strategic Business Division was created, along with the acquisitions of Proteika, Musashi (nutrition business), Jenny Craig and Novartis Medical Nutrition.

Current strategy

Nestlé's current strategy was to achieve worldwide sustainable 'competitiveness through four strategic pillars': "low cost, efficient operations, renovation and innovation of the Nestle product line, universal availability and improved communication with consumers through better branding." They also had a vision of transforming the company from a "technology-and processing-driven food and beverage company towards a vision of nutrition, health and wellness." (Bell and Shelman, 2009, p.3).

Nestlé's current strategy of reorganizing its operations did come as an advantage as in some cases moved away from its "agricultural and processing roots" to buying the ingredients from outside suppliers. This can be argued on the basis of Nestlé reducing the steps of its value chain activities as Brabeck explained some of these activities could not add value to some businesses. An example would be the fact that Nestlé exited from cocoa roasting but still carried on producing chocolate. This in turn reduced the costs and made the value chain more efficient. In fact, in terms of strategic operations, Lasserre (2012) argues that making fundamental changes in the value chain can lead to developing new products and services which can help a company sustain its innovative advantage. Moreover, to enhance the reliability of its suppliers, Nestlé implemented a strategy of forming partnerships with its suppliers by creating direct links with them and providing them with support and technical advice. This helped the company cope with the volatility of the supply market and enhance its operations. Â Therefore, in terms of operational efficiency, Nestlé can be seen to be sustainable competitive.

Secondly, Nestlé's current strategy was focused on renovating and innovating its product line through reorganizing its R&D. Lasserre suggests that organizations such as Nestlé could be trying to gain a critical mass advantage. He further explains that in order to achieve this, a minimum amount of resources needs to be mobilized for an activity to perform efficiently and effectively. Hence, Nestlé's shift from "decentralized units of R&D to few large resource-intensive centers." As a result of its R&D centralization, Nestlé was able to reinvigorate old brands; an example was finding multiple uses of the Nesquik brand from not only being a powder but to also present it as syrup and into ready to drink varieties. However, this strategy came at a disadvantage to Nestlé as they lost the benefits of decentralization. These benefits include proximity to markets which gives a firm the ability to create products that fit local customer specificities, gaining access to geographical clusters of knowledge creation and development access to good-quality scientists and the capability of a firm to learn from different market and cultures. Therefore, in terms of its R&D strategy, it could be argued that Nestlé will have trouble sustaining its competitive advantage in the future since part of its future strategy is to expand to other markets.

Thirdly, with the introduction of GLOBE in the mid-2000s, Nestle initiated an era of capturing data by tying all of Nestlé's entities together under a common technological platform. This led to the company standardizing its data to manage its vast information and create and share knowledge among its Strategic business units, manufacturers and retailers. The main idea was to use shared knowledge to enhance the collaboration between all the different units of the company which can reduce costs and produce value all over the organisation. Bauwens (2012) outlines this as a social innovation where knowledge is shared and can be used by others. A good example would be the fact that the Globe system allowed for a synchronization of data leading to an improvement in order fulfilment between manufacturers and retailers. This has allowed Nestlé to sustain its competitive advantage by adapting much faster to change and delivering value to customer. Therefore, knowledge sharing has the potential to play a big role in helping Nestlé maintain its competitive advantage.

Nestlé's final "strategic pillar" of improving communication between the organization and consumers through better branding could signify the company's efforts to differentiate its products. Barney would argue that Nestlé could be trying to alter perceptions of current and potential consumers by altering its product features. In fact, Nestlé focused on reducing fat and calories as well as incorporating healthy and natural ingredients into a wide range of products. It could be argued also that better branding is linked to its vision of moving from a food and beverage company to a wellness, health and nutrition company. This could also be Nestlé's way of differentiating its products by taking advantage of its reputation in the marketplace as a leading company in its industry. Therefore, customers would, in the long term, respond positively to the company's efforts of producing healthier products. Thus, if Nestlé actually succeeds in changing people's perceptions and position itself as a health driven company, it can manage to maintain its competitive advantage in the future. It is through these four strategic pillars that Nestlé derives its current model, the "Nestlé model," which refers to the company's long term of objectives of organic growth (target of 5% and 6% each year), continuous yearly improvement in EBIT and improve capital management which determines the assets of the company against the profit it generates. The company seems to be achieving its objective as it has slightly improved its earnings before interest and taxes; it has slightly made progress in its capital management through its improved return on capital employed as seen in Appendix 2; and it has been able to achieve its objective of organic growth between 5% and 6% except for 3 years between 1996 -2007 years.

Therefore, it is safe to assume that Nestlé's current strategy is competitively sustainable in the present however it remains to be seen if it can be successful in the future with its new vision . This is due to the fact that Nestlé is possibly trying to implement both product differentiation and cost leadership strategies. Porter (1980) defines such firms as "stuck in the middle". On the one hand, three of its strategic pillars indicate the company's intention of becoming a cost leader through low cost operations, restructuring its product line and efficiently managing its knowledge.

On the other hand, it wants to differentiate its whole portfolio of products and services by changing the product features or by diversifying their products. Porter (1980) cited in Barney 2011 further explains that if a firm tries to implement both strategies then one of them will fail. He continues to add that for a firm to be economically superior in a single industry then they need to sell Â at a high price and have small market share (product differentiator) or sell at a low price and gain significant market share (cost leader) therefore Nestlé needs to decide which of the two it wants to become . As a result, a lot of their organizational requirements such as organizational structure and management control systems are stuck in the middle for example the fact that certain products need to be managed globally especially in the nutrition division while others are locally managed.

Nestlé's current strategy could be rationalized by foregoing their vision of being a nutrition, health and wellness organization. Instead they should focus on being more of a healthier food and beverages company as a cost leader with its current Nestlé model. First of all, if Nestlé was to pursue a health, nutrition and wellness strategy Nestlé would then have to restructure its product portfolio by getting rid of its unhealthy products such as Hot Pockets, and Kit-Kat. In exhibit 8 it can be seen that these products do not deliver growth to the company yet in exhibit 9 they seem to have a higher market share. This shows that the unhealthy products are in fact the cash cows of Nestlé which indicate that they are the foundation of the company. It should try and follow Unilever's example of focusing on its core products. Therefore, Nestlé should frame new strategies and make changes to its vision. Instead of holding on to unrealistic goals, the company could reposition itself in the market as becoming 'healthier' than the competition. In fact, Nestlé has already implemented this approach in the past with several products by introducing some nutritional improvements. As an example, Nestlé reduced ice-cream fat by 50% and calories by 30% for Dreyer's Slow Churned ice-creams and added healthy ingredients to some chocolate snacks. This indicates that the company has the resources needed to deploy this repositioning strategy.

The company should also reevaluate its SWOT analysis in terms of switching its vision to 'Health, Nutrition and Wellness'. Indeed, the strong R&D platform enables Nestlé to produce more healthy products while maintaining its taste. Moreover, Nestlé has the capabilities of doing so with its 'open innovation' model (global network with 5,000 scientists and technologists as well as R&D centers worldwide) which enables the company to maximize its chances of coming up with new and innovative products.

Future strategies

One of the future strategies of Nestlé is to grow internally instead of growing through mergers and acquisition. Implementing this strategy could be catastrophic for the company as its growth has been largely relying on acquisitions and joint ventures. Nestlé would also lose the benefits of using joint ventures, strategic alliances and acquisitions. This would then imply that Nestlé would have to use its own resources and core competencies to expand thus placing a greater risk on the business. It can also have a negative impact on the liquidity position of the company.

A way in which this issue could be overcome is by applying both strategies. By applying both strategies, the company would be able to spread its corporate risk and share its costs as its return on capital employed still continues to generate profits for the company. Additionally, Nestlé has managed to build strong foundations through mergers and acquisitions which has led it to improve its financial position. As seen on Exhibit 4, the acquisition of businesses has increased from 447 million in 2006 to 456 million in 2007 which has improved its cash flow. Therefore, in order to maintain a strong position, Nestlé should carry on with mergers and acquisitions as well as growing internally.

Another of the future strategies initiated by Bulcke is to shift the structure of Nestlé from an "organisation by country" to an "organisation by business" through sharing best practices using GLOBE (Bell and Shelman 2009, p.10). He argues that this would enable Nestlé to start managing its operations globally instead of adapting to every market. However, using the McKinsey 7s framework, many issues can be foreseen as seen on the table below.

Factors	
Strategy	- Produce variety of quality products, wide variety of brands. - Focus on nutrition, health and wellness. - "4 strategic pillars" ("low cost, efficient operations, renovation and innovation of the Nestle product line, universal availability and improved communication with consumers through better branding
Structure	- Decentralised and relatively flat organizational structure which helps to cater for local needs thus increasing flexibility. - organized by country/ every country is like "a small kingdom" - It has operations worldwide through strategic business units.
System	- Comprehensive information system: Â the GLOBE - Employees move from the bottom up in the organization.
Style	- Democratic leadership style: managers are given autonomy to take decisions. Â As such, they feel a sense of belonging in the organisation
Staff	Nestlé maintains local companies with regional

	staff in local markets as they better understand the needs of customers.
Skills	Nestlé's competitive advantage is its R&D. It has a high level of technology (23 Product Technology Centres), and a network of experts around the world.
Shared Values	- Deliver long term value to shareholders. - Focus on long term results. - Unwritten culture - strong personal culture

Table 3.1. Strategical Factors

Source: Done by author

Although the change in the structure and the strategy was supported with a change in systems by adapting the GLOBE, other elements of the framework have not been adapted. For instance, the style used by Nestlé was a democratic leadership style where management in the different countries are given a great deal of autonomy. By changing to a more centralized and global management style some internal resistance from the people can emerge. The different markets are used to operating as "small kingdoms". Therefore, given that country managers in the different countries were used to be given a great deal of freedom especially when dealing with issues related directly to the customer, this new strategy can produce some internal problems for Nestlé.

To overcome this issue, other elements of the 7s framework have to be adapted. The main element that links everything together is shared values. Nestlé has to work on making changes to its internal culture by introducing new shared values between its people. Implementing the GLOBE is not enough to implement the new strategy, a culture of sharing information and best practices should also be introduced and reinforced. Nestlé should teach its people to move from a management style of taking control and matters into their own hands to a style of sharing control and producing decisions globally and collectively.

The implementation of this approach may differ across countries due to the cross-cultural differences between countries. According to Lasserre, country specific cultural values influence managerial values and assumptions in an organization. As an example, Lasserre illustrates that western countries are more individualistic while Asian countries are collectivists which heavily impacts how business is done in these countries. In terms of implementing a culture of sharing, it can be assumed that Asian countries would respond more positively to the change than western countries.

Nestlé intends to achieve its future growth by implementing four platforms for growth which are 'health, nutrition and wellness' (to be the centerpiece), 'emerging markets', 'out of home consumption' and 'premiumisation of existing products'. The aforementioned strategy for growth is expected to double Nestlé's sales in the next 10 years.

Bulcke emphasized that the priority should be on 'health, nutrition and wellness' to implement the vision into every product segment and every country. This vision is in line with Brabeck's strategies of going beyond food to Nutrition, Health and Wellness. The total sales for Nestlé Nutrition segment has significantly increased from 5,964 million in 2006 to 8,434 in 2007, which represents an improvement of 41%.

Although total sales have increased, most products that have led to this increase in sales were unhealthy. So, in order to maintain its vision as a Health, Nutrition and Wellness, Nestlé should give up its unhealthy products in the long term. However, this would negatively impact on the financial position of the company as these are its core products. Moreover, making the same products available in every market might not be adapted to the needs of every customer in terms of tastes, preferences and nutritional value so Nestlé should make sure at least every different product are tailored to the needs of every different market.

Regarding emerging markets, Bulcke found out that these markets are growing at a faster pace and therefore Nestlé should integrate further into it as there is a high potential for growth. The implementation of 'popularly position products' (PPP), a strategy designed for low income earners so they can afford good nutrition products on a daily basis, is expected to grow up to 4 % per annum between 2014 and 2020.

The challenges that Nestlé is likely to face in terms of emerging markets is establishing a rural presence and developing new business models and distribution structures which may affect some of its value chain activities. One of the ways in which they can overcome this issue is by restructuring its value chain by focusing on the existing strategies of producing locally instead of adopting a global supply chain. With an increase in economic standards and a developing need for convenience, people tend to eat out more. Nestlé sees this as an opportunity to set up 'Nestlé Professional' which was to concentrate on two main areas of 'branded beverage solutions and customized culinary solutions with a focus on nutrition'.

'Nestlé Professional' as a new idea being implemented brings about a lot of uncertainty to Nestlé, an example being the threat of competitors who have already established themselves in that business. One of the ways they could overcome this problem is by conducting extensive market research, top of the list being Porter's Five Forces Model to know what the industry is all about. The goal is to create value by providing personalized services, unique components and expanding its distribution channels through home deliveries, boutiques and stores (e.g. Nespresso).

Premiumisation is one of the growth platforms that Nestlé wants to implement by developing high quality products to target high income earners in developed and developing countries. The services that come with offering the products may be too costly for people to afford in different countries. For example, a standardized personalized service may not conform to every country.

Therefore Nestlé should provide services adapted every different market. Nespresso Boutique could be taken as an example.

Restructuring of Research and Development Unit

Nestlé's vision for the future is to occupy centre stage as the World's Food, Nutrition, Health and Wellness Company through Good Food, Good Life. Nestlé products embody clear and relevant consumer benefits. Nestlé also made a strategic decision of restructuring its R&D unit to satisfy customer needs and internal growth. This was by shifting away from small decentralized units set up globally to limited large "resource-intensive" centres. This was done to renovate old brands by finding multiple uses for its product. Under Brabeck's tenure, a 60/40 preference rating system was introduced where products were either discontinued or sold if they did not achieve the 60% level. This was done in order to ameliorate the company's performance and market orientation (Bell and Shelman, 2009).

Nestlé R&D generates the innovative science and technology needed to build nutritional and health benefits into products offering Nestlé's legendary sensory excellence. It thus plays a key strategic role in realising the Nestlé vision, helping to assure the Group's sustained growth. Nestlé acts on the principle of "think global – act local". R&D is structured accordingly. Global product and process development is vertically integrated into all Nestlé core businesses and pushed out locally to the markets through some 500 factories in 100 countries worldwide. Throughout Nestlé, 265 000 people make a valuable contribution by their links across all sectors. At the local level, Nestlé interacts daily with over one billion consumers.

The R&D structure offers the flexibility to use this huge source of local ideas, bring them back and develop them for global implementation. This adds the power of broad-based consumer insight to the power of innovation. Together, these global and local approaches give us the capacity for rapid response in an ever faster changing global socio-economic environment.

For strategic alignment, R&D interfaces with the Strategic Business Units (SBUs). The SBUs all coordinate strategies within the individual Nestlé business categories. This includes investment, competitive analysis, key performance indicators, quality & strategic brand standards and portfolio management.

Food and Nutrition are part of the solution to offer consumers health and wellness. Physical activity and other lifestyle factors also play their role. Nestlé goes beyond product innovation, providing wider health-solutions through consumer education in nutrition and personal lifestyle coaching.

R&D has been in Nestlé's genes ever since Henri Nestlé invented the first

Infant Food. For almost a century, Nestlé fulfilled consumers' needs through foods for sustenance and convenience. Modern lifestyle changes from the 1950s brought new R&D challenges. With less and less physical work, with automobiles, labour saving devices, TV, video games, Internet, etc., consumers have increasingly more time to seek pleasure from their foods.

But an imbalance between food consumed and physical activity have been paralleled by a huge increase in obesity and related non-communicable diseases. So Nestlé asked the question, "Are yesterday's good foods still the good foods of today and, if not, what do we have to change?" Nestlé's response is to produce foods that offer consumers.

Nutrition, Health and Wellness, along with the essential ingredients of taste and pleasure. Consumers continue as before to make their own choice of the food and beverages they consume. Nestlé helps them to make his or her individual choice the right choice. R&D must show the direction to take to meet the challenges imposed by the new consumer needs of today and tomorrow:

- A broad portfolio of research projects across all Nestlé product categories ism revealing preventive nutrition solutions for weight and diabetes management, cardiovascular health, etc.;
- The nutritional profiles of all Nestlé products are continuously assessed, updating recipes and formulations. Applying state-of-the-art knowledge in food safety and nutrition leads to continuous improvement, offering the best products in the market-place;

A sustained R&D effort on health and wellness products addresses specific consumer groups:

- Infants and young children for optimal growth and development,
- Consumers of all ages needing special diets for certain health conditions or in convalescence after surgery or trauma,
- Elderly consumers who want to keep mobile and mentally active to prolong the pleasures of life into old age; really "putting more life in the years",
- Athletes who want instant or slow release energy to match their sports

demand.

Through this, Nestlé R&D is opening up a future where a more personalised nutrition will become a reality. Thus bringing shared values that benefit both the consumer and the Group. In its vision as the world Food, Nutrition, Health and Wellness Company, Nestlé is making this future its own.

Conclusions to Chapter 3

In this research we can see that the growth of the giant Nestle corresponds with the gradual integration of world markets, as well as the maturation of its original economies. Relying on the urbanization and early wealth of the developed countries, it quickly colonized the rest of the world, with the purchase of trademarks or by relying on the global success of some emblematic products.

This movement is not complete, but the economies of scale thus permitted are increasingly modest in an industry whose technical foundations date back to the nineteenth century and which for the most part of its production no longer knows any breaks Technological developments.

From a generalist or mainstream positioning aimed at the middle and popular classes of developed countries and their counterparts in emerging countries, what orientations are possible. Moreover, the informal constitution of a global oligopoly of some ten giants and the persistence of small local brands still independent, or of highly specialized world producers (like the Italian group Ferrero) maintains a strong pressure on prices. Nestle cannot take advantage of a dominant position that is sometimes challenged by their own distributors: the latter, developing their own brands, make them fall back one notch in the supply chain and, on certain products little processed (Flour) or difficult to differentiate (corn flakes), raise the risk of commoditization.

Part of the answer is to rely on the most valued brands and exploit their potential in a brand stretching approach. So Milka, from the 1980s, left the world of chocolate bars to invade other shelves: biscuits, snack bars, pods, and even milk specialties. The Swiss brand, acquired by Kraft Food (today Mondelez International), benefits from its strong identity, as well as excellent reputation and penetration rates in European markets.

A second, more interesting answer is to look for strong differentiation. It would be misleading to mention in this connection strategic pivots, in the case of giants who, even when they launch new experiments, continue to methodically exploit their catalogue of products.

Based on a generalist or "mainstream" position, targeting the middle and popular classes of developed countries and their counterparts in emerging countries, Nestlé would opt for these orientations: Customization for emerging market, product and market extension mergers, Supply Chain Rationalization, Restructuring of Research and Development Unit.

CONCLUSIONS

In this research, we studied the strategy of international production and sale improvement of the corporation nestles through the analytical prisms proposed in the literature. In a context where the attractiveness of territories seems constantly changing, it is necessary to better understand international production and sale improvement. Companies increase market share through innovation, strengthening customer relationships, smart hiring practices and acquiring competitors.

In the strategy of corporation, the need for awareness of differentiation is low while the need for integration is high. This situation causes to Global strategies based on price competition for perspective of economies of scale. In Global strategy, competition takes place at a global level while multi-National companies are geared towards domestic competition because national product market do not have the same criteria to make competition at a global level. In global companies, direction and pace would be expected to flow mostly from a headquarters to their subsidiaries while multi-National companies would be characterized by a lower overall flow of products, people and information. In International and Transnational strategy, it reflects more complex environmental situations. International strategies are characterized by increased international standardization of product and services. It can lead to lower needs for centralized quality control and strategic decision making while eliminating requirements to adapt activities to individual regions. In transnational strategy, there is a higher need for regional differentiation in marketing and a strong requirement in production. Transnational is the most challenging strategy where MNCs seek to operate. However, the problem for many MNCs is the cultural challenges integrated with localizing a global focus.

Nestlé is characterized as a multi-national company by its pronounced local responsiveness and relatively weak global integration. Including its operating companies, such as Carnation, Rowntree and Buitoni among others, it has traditionally practiced a decentralized approach to management. Local operating managers thought to be much more in tune with local markets are given the freedom to develop marketing strategies that match local needs. Like many other companies pursuing a multi-domestic strategy Nestlé has begun a move toward a more centralized management structure, which has resulted in a re-organization around major business lines. In order to reap the benefits of global leverage, companies realize that the multi-National business model leaves too many initiatives to local levels thus resulting in missed opportunities.

In general the company's strategy has been to enter emerging markets early before its competitors and build a substantial customer base by selling products which suit the local population such as infant formula, milk, and noodles. Nestlé narrows down its market share to many small niche markets, as opposed to general or one for all strategies. Nestlé keeps the goal of commanding the niche markets by gaining at least 85% of market share in every food product it launches. For example, by pursuing such a strategy, Nestlé has taken as much as 85 percent of the market for instant coffee in Mexico, 66 percent of the market for powdered milk in the Philippines, and 70 percent of the market for soups in Chile. As the income level rises in each niche market, Nestlé introduces an upscale version of the same brand to increase its profit level. Although Nestlé has become a global brand, it uses local identity to gain exposure in local markets. The company owns 8500 brands but only 750 of them are known internationally.

Customization is the key to Nestlé's global brand identity rather than universalism, which means Nestlé, uses global brand identity but, from the internal point of view, it uses local ingredients and other technologies that resonate with the local environment and brand name that is known globally. The customization of Nestlé's products causes many hindrances in carrying out its distribution of products from local farmers to factories. For example, in Nigeria the infrastructure placed is crumbling, trucks are old and political conditions are not suitable to carry out the processes successfully, so Nestlé adopted a new strategy to deliver its products to local warehouses which are convenient to local farmers for milk production. Although this might seem as an expensive solution, the local farmers have tripled their milk production and the supply of milk, which Nestlé has calculated as beneficent for the long term growth

The execution of the strategy matches the planning of the strategy which is to plan globally and implement locally. Nestlé gives autonomy to its local branches based in different countries to make pricing decisions, and distribution decisions. Nestlé has expanded its growth by diversifying its product base to tomato ketchup and wheat base products such as noodle and tofu. Nestlé has expanded into 5 countries and expects to supply all food products throughout the regions namely, Turkey, Egypt, Syria, Dubai and Saudi Arabia.

To sum up it is to notice that Nestlé faced significant challenges in its market growth. Despite of the stagnant population in western countries the balance of power was increasing from large scale manufacturers like Nestlé, toward supermarkets and discounted chain stores. In result, Nestlé decided to lessen its focus on developed markets like North America and its home based market in Switzerland to emerging market like India and China. The driving force behind the decision of expanding its market share in emerging market is simple, as the population grows and government decisions favoring market economies brings attractive business opportunities for public living at intermediate income. Although many of the counties are still living under poverty line, even living on $1 per day shows optimistic signs for the future markets. For example: as the current economic forecasts continues, there will be 9 billion people living on this planet as compare to today's population of $7 billion today, and coincidently the increase in population is all in developing countries.

Nestlé uses the strategy which correlates the ratio of increase in income to use of branded food products, which means as a person earns more and has less time for making food in his/her home, they will automatically substitute for branded products. In general the company's strategy has been to enter emerging markets early before its competitors and build a substantial customer base by selling products which suit the local population such as infant formula, milk, and noodles. Nestlé narrows down its market share to many small niche markets, as opposed to general or one for all strategies. Nestlé keeps the goal of commanding the niche markets by gaining at least 85% of market share in every food product it launches. For example, by pursuing such a strategy, Nestlé has taken as much as 85 percent of the market for instant coffee in Mexico, 66 percent of the market for powdered milk in the Philippines, and 70 percent of the market for soups in Chile. As the income level rises in each niche market, Nestlé introduces an upscale version of the same brand to increase its profit level. Although Nestlé has become a global brand, it uses local identity to gain exposure in local markets. The company owns 8500 brands but only 750 of them are known internationally. Customization is the key to Nestlé's global brand identity rather than universalism, which means Nestlé, uses global brand identity but, from the internal point of view, it uses local ingredients and other technologies that resonate with the local environment and brand name that is known globally. The customization of Nestlé's products causes many hindrances in carrying out its distribution of products from local farmers to factories. For example, in Nigeria the infrastructure placed is crumbling, trucks are old and political conditions are not suitable to carry out the processes successfully, so Nestlé adopted a new strategy to deliver its products to local warehouses which are convenient to local farmers for milk production. Although this might seem as an expensive solution, the local farmers have tripled their milk production and the supply of milk, which Nestlé has calculated as beneficent for the long term growth.

The execution of the strategy matches the planning of the strategy which is to plan globally and implement locally. Nestlé gives autonomy to its local branches based in different countries to make pricing decisions, and distribution decisions. Nestlé has expanded its growth by diversifying its product base to tomato ketchup and wheat base products such as noodle and tofu. Nestlé has expanded into 5 countries and expects to supply all food products throughout the regions namely, Turkey, Egypt, Syria, Dubai and Saudi Arabia. Nestlé is also buying local companies in China and adapting its own portfolio for the Chinese market. Since many Chinese find coffee too bitter for their liking, Nestlé is working on a new “formula” to offer Smoovlatte, a coffee drink that tastes like melted ice cream. The company wants to be seen as a company that makes healthy food. As Janet Voûte, Nestlé’s global head of public affairs, said “it is a core business strategy” (The Economist). Nestlé has used its brand name as strength to generate sales and to expand its market share, which includes it customization of products to fit its target market’s profile. Although Nestlé has not always started from scratch, the company has used acquisition as a penetration strategy to expand and penetrate new international markets, which eliminates any local barriers to its competition. A few weaknesses which are related to the company’s quality measure resulting in product recalls. The company has decentralized its strategy units into 7 subunits in charge for different product lines, for instance, one – for coffee and beverages; another one focuses on ice cream and milk products. Nestlé brings its management level employees all around the world for 2-3 week training in its headquarters in Switzerland to familiarize them with their global culture, strategy and given them access to the company’s top management.

REFERENCES

- “Nestlé’s Corporate Business Principles.” Nestle.com. Web. http://www.nestle.com/aboutus/businessprinciples
- Food Processing Industry: Market Research Reports, Statistics and Analysis. Rep. Report Linker, n.d. Web. 1 Apr. 2013. <http://www.reportlinker.com/ci02050/Food-Processing.html>.
- Penrose, E.T. (1959). The theory of the growth of the firm. New York: Oxford University Press.
- Montgomery, C.A., & Wernerfelt, B. (1988). Diversification, Ricardian rents, and Tobin’s q. RAND Journal of Economics, 19(4), 623–632.
- Lippman, S.A., & Rumelt, R.P. (2003). A bargaining perspective on resource advantage. Strategic Management Journal, 24, 1069–1086.
- Coase, R.H. (1972). Industrial organization: A proposal for research. In V.R. Fuch (Ed.), Policy issues and research opportunities in industrial organization (pp. 59–73). New York: National Bureau of Economic Research.

1. https://www.l-expert-comptable.com/dossiers/evaluation-d-entreprise-en-5-etapes.html
2. https://fr.wikipedia.org/wiki/%C3%89valuation_d'entreprise
3. http://www.nestle.ua/jobs/vacancy/demand-and-supply-project-manager
4. http://www.nestle.com/Media/NewsAndFeatures/Nestle-officially-opens-Shared-Service-Centre-in-Ukraine
5. http://www.advice-group.com/en/consulting#marketing-pr
6. https://hh.ua/employer/7281
7. https://uk.wikipedia.org/wiki/Nestl%C3%A9
8. http://www.confectionerynews.com/Manufacturers/Nestle-to-modernize-Ukrainian-plant-with-4.4m-investment
9. https://www.kyivpost.com/article/content/business/nestle-continues-ukraine-expansion-with-culinary-p-61032.html
10. http://chamber.ua/Membership/MembersListPage/250
11. http://www.nestle.ua/csv

12. http://www.nestle.com/Media/NewsAndFeatures/Nestlere-affirms-emergin-gmarkets-commitment-with-new-service-centre-in-Ukraine

13. http://www.nestle.com/media/newsandfeatures/nestl%C3%A9-continues-to-unlock-growth-opportunities-in-africa

14. https://www.ft.com/content/cf75ab26-4270-11e4-847d-00144feabdc0

15. http://www.nestle.com/Media/NewsAndFeatures/Nestle-invests-CHF40-million-in-the-Democratic-Republic-of-Congo

16. http://www.nestle-ea.com/asset-library/documents/publications/csvsummaryreport2013.pdf

17. http://www.nestle-ea.com/en/ourcountries/congo

18. http://www.nestle-ea.com/en/media/pressreleases/Nestl-Congo-inaugure-sa-chaine-de-production-NIDO-NutriPAK

19. http://www.nestle-ea.com/en/ourcountries/democraticrepublicofcongo

20. http://marketc.blogspot.com/2014/03/nestlerdc-resultats-encourageant-pour.html

21. http://www.swissinfo.ch/eng/nestl%C3%A9-factory-in-congo-sparks-mixed-reactions/24305242

22. http://www.nestle-ea.com/asset-library/documents/ear-brochure%20new.pdf

23. http://www.nestle-ea.com/asset-library/documents/ear-brochure%20new.pdf

24. About Us." Http://www.nestle.com. Nestlé S.A., n.d. Web. 31 Mar. 2013. <http://www.nestle.com/aboutus>.

25. "Death, Diarrhea, and Disease: Nestlé and the Ethics of Infant Formula." Death, Diarrhea, and Disease: Nestlé and the Ethics of Infant Formula. Teachspace, n.d. Web. 01 Apr. 2013. <http://www.teachspace.org/personal/research/nestle/history.html>.

26. Baer, Edward. "Babies Means Business." New Internationalist. New Internationalist, n.d. Web. 01 Apr. 2013. <http://newint.org/features/1982/04/01/babies/>.

27. "About Us." Nestle Health Science. Nestle, n.d. Web. 1 Apr. 2013. <http://www.nestlehealthscience.com/about>.

28. Annual Report 2010. Rep. Nestle.com, 2011. Web. 1 Apr. 2013. <http://www.nestle.com/asset-library/Documents/Library/Documents/Annual_Reports/2010-Annual-Report-EN.pdf>.

29. DuBois, Shelly. "Nestlé's Brabeck: We Have a "huge Advantage" over Big Pharma in Creating Medical Foods." CNN Money. Cable News Network, 1 Apr. 2011. Web. 1 Apr. 2013. <http://money.cnn.com/2011/04/01/news/companies/nestle_brabeck_medical_foods.fortune/index.htm>.

30. Food Processing Industry: Market Research Reports, Statistics and Analysis. Rep. Report Linker, n.d. Web. 1 Apr. 2013. <http://www.reportlinker.com/ci02050/Food-Processing.html>.

31. Sperber, Bob. "Nestle USA: Manufacturing That Sustains." FoodProcessing.com. Food Processing, 30 Nov. 2009. Web. 1 Apr. 2013. <http://www.foodprocessing.com/articles/2009/processor2009_nestle_plant.html>.

32. "Strategy – Nestlé Roadmap to Good Food, Good Life." Nestle.com. Nestle, n.d. Web. 1 Apr. 2013. <http://www.nestle.com/AboutUs/Strategy>.

33. United States. International Trade Association. Department of Commerce. Food Manufacturing NAICS 311. Trade.gov, Feb. 2010. Web. 1 Apr. 2013. <http://www.ita.doc.gov/td/ocg/outlook10_food.pdf>.

34. United States. Safety & Health Assessment & Research for Prevention (SHARP). Washington State Department of Labor & Industries. Food Processing Industry. Washington State Department, n.d. Web. 1 Apr. 2013.

35. "Food for Thought." The Economist. Web.15 Dec. 2012

36. <http://www.economist.com/news/special-report/21568064-food-companies-play-ambivalent-part-fight-against-flab-food-thought/comments#comments>

37. "Nestlé Centralizes Expertise in System Technology." Rep. Nestlé.com. 25 Mar. 2013. Web. <http://www.nestle.com/media/newsandfeatures/stc-orbe>

38. “Nestlé Financial Overview in Group Figures.” Nestle.com. Nestle, n.d. Web. 31 Dec. 2012 <http://www.nestle.com/investors/results/financialoverview/groupfigures>

39. “Nestlé Looks to Strong Brands as Sales Growth Slows.” The Wall Street Journal. Web. 14 Feb.2012 <http://online.wsj.com/article/SB10001424127887324162304578303261113027892.html>

40. “FT Global 500 2012.” Financial Times. Web. December 2012. <http://www.ft.com/intl/cms/a81f853e-ca80-11e1-89f8-00144feabdc0.pdf>

41. “Nestlé S.A. Company Profile.” Yahoo Finance. Web. 21 March 2013 <http://finance.yahoo.com/q/pr?s=nsrgy>

42. “Nestlé Research Vision.” Nestle.com. Nestle, n.d. Web. <http://www.nestle.com/RandD/OurVision>

43. “Nestlé’s Corporate Business Principles.” Nestle.com. Web. <http://www.nestle.com/aboutus/businessprinciples>

44. “Nestlé to build Nescafé Coffee Centre in China.” Nestle.com. Web. <http://www.nestle.com/media/newsandfeatures/puer-coffee-institute>

45. “Nestle to Spend $16 Million on China Coffee Center.” BloombergBusinessWeek. Web. 2 April 2012. http://www.businessweek.com/news/2013-04-02/nestle-to-spend-16-million-on-china-coffee-center

46. https://www.bu.edu/econ/files/2012/11/dp214.pdf

47. https://www.bea.gov/newsreleases/international/mnc/mncnewsrelease.htm

48. http://www.aaronflaaen.com/uploads/3/1/2/4/31243277/mp_draft.pdf

49. http://www.yourarticlelibrary.com/microeconomics/foreign-investment/role-of-multinational-corporations-mncs-in-foreign-investments/38224/

50. http://www.global-strategy.net/what-is-global-strategy/

51. http://www.scoop.it/t/business-case-studies/p/3998550667/2013/03/19/nestle-s-growth-strategy

52. http://www.businesstoday.in/topics/strategic-management-society-2013/how-nestle-earned-the-tag-of-the-local-multinational/story/201573.html
53. http://isites.harvard.edu/fs/docs/icb.topic772176.files/Nestle%20p.%20531.pdf
54. http://www.academia.edu/5366973/Nestl%C3%A9_Global_Strategy_INTRODUCTION
55. http://www.slideshare.net/sitirizkymardhani/strategic-management-19302837
56. http://articles.castelarhost.com/nestle_competitive_strategy.htm
57. http://www.nestle.com/aboutus/strategy
58. http://www.nestle-cwa.com/en/aboutus/strategy
59. https://www.nestle-nespresso.com/about-us/strategy
60. https://blogs.baruch.cuny.edu/mgt4880nestle/2013/04/08/nestle-international-strategy/
61. https://www.linkedin.com/pulse/food-beverages-global-market-growth-analysis-report-2015-annesa-saha?articleId=9147375524463976829
62. https://www.google.com.ua/search?q=euromonitor+ice+cream+market+share&biw=1287&bih=615&noj=1&source=lnms&tbm=isch&sa=X&ved=0ahUKEwjn49O6_ZHSAhUK1iwKHcydBr0Q_AUICCgB#imgrc=qcEOsqPWgQyEqM:
63. https://www.google.com.ua/search?q=reasons+for+growth+of+MNCs&biw=1287&bih=615&noj=1&source=lnms&tbm=isch&sa=X&ved=0ahUKEwjTsb6n_pHSAhVJ1SwKHQanCrsQ_AUICCgB#imgrc=-GJ8zU_BOyDxTM:
64. https://www.google.com.ua/search?q=challenge+of+multinational+corporation&biw=1287&bih=615&noj=1&source=lnms&tbm=isch&sa=X&ved=0ahUKEwjE6qCzgJLSAhXMhiwKHXNFArAQ_AUICCgB#imgrc=fb2te6Ms4OeSDM:
65. https://www.google.com.ua/search?biw=1287&bih=615&noj=1&tbm=isch&sa=1&q=Example+of+MNCs&oq=Example+of+MNCs&gs_l=img.3..0i24k1l2.85365.102184.0.103308.35.17.6.5.6.0.102.1107.14j1.15.0....0...1c.1.64.img..13.22.850...0j0i67k1.P6uI1swRetc#imgrc=THkB8pGM0IYNgM:

66. https://www.google.com.ua/search?biw=1287&bih=615&noj=1&tbm=isch&sa=1&q=FeatureS+of+MNCs&oq=FeatureS+of+MNCs&gs_l=img.3..0j0i24k1l3.160699.166322.0.167379.3.3.0.0.0.0.78.215.3.3.0....0...1c.1.64.img..0.2.148.-PDkuJeQZBk#imgrc=mKiZ7x1yD9wS6M: