ADAPTATION OF MARKETING STRATEGY OF
MULTINATIONAL COMPANIES ON FOREIGN LOCAL
MARKET

(BASED ON NESTLÉ CHOCOLATE BEVERAGE MARKET IN NIGERIA)

Bachelor’s thesis

International Business Administration

Supervisor: Sirje Ustav, MA

Tallinn 2018
I declare I have written the Bachelor’s thesis independently.

All works and major viewpoints of other authors, data from other sources of literature and elsewhere used for writing this paper has been referenced.

Mariam Ireti Bishopton..........................

Student Code: A147485

Student e-mail address: Mariam.bishopton@gmail.com

Supervisor: Sirje Ustav, MA

The paper conforms to the requirements set for the research papers

..........................................................

(signature, date)

Chairman of the Defence Committee:

The paper conforms to requirement in force

..........................................................

(name, signature, date)
# TABLE OF CONTENTS

ABSTRACT .................................................................................................................................................. 4
INTRODUCTION ........................................................................................................................................... 5
1. THE THEORETICAL REVIEW OF ADAPTATION TO STANDARDIZATION STRATEGY ................................................................. 7
   1.1. International marketing and adaptation .................................................................................................. 8
   1.2. Standardization, localization and glocalization ..................................................................................... 10
   1.3. Adaptation strategy on marketing mix .................................................................................................. 12
2. ADAPTATION MARKETING STRATEGY ................................................................................................. 16
   2.1. Nestlé strategy and adaptation of marketing mix on brand in Nigeria ................................................. 16
   2.2. Nestlé market in Nigeria .................................................................................................................... 17
3. METHODOLOGY ........................................................................................................................................ 21
   3.1. Research method – survey .................................................................................................................. 21
   3.2. Research question and results ........................................................................................................... 23
CONCLUSION ................................................................................................................................................ 27
REFERENCE .................................................................................................................................................. 29
APPENDICES ............................................................................................................................................... 32
ABSTRACT

This is a study on marketing strategy of Nestlé in Nigerian market. This research provides answer to the perception and other influencing factors that bring about dissimilarities in markets and how companies adapt to various markets. The research question to be answered is “how does Nestlé adapt it products for Nigerian market?” study is based on research of the Milo brand. In many cases, there are difficulties with developing or under developed market because of their inadequacies with economy, government policies and infrastructure, it is then left to a company to choose which strategy is suitable for specific market.

The research is descriptive using survey— The sample of study comprises of employees of Nestlé Nigeria and selected wholesalers and retailers and over hundred milo consumers. The selection is not based on age or gender; data was collected mainly from Lagos city Nigeria because, that is where the biggest consumer of Milo chocolate drink is located.

Research survey is based on the Theoretical concept of marketing mix 4P, product, price, place and promotion. The marketing mix is one of the cornerstones of marketing strategy and planning of companies. The major finding of this thesis shows that Nestlé adopted a marketing strategy unique to the economic and cultural situation of Nigeria and therefore, contributing to the significance of Nestlé markets as a major competitor in the chocolate drink industry.

KEYWORDS: Adaptation, marketing strategy, marketing mix, local market, multinational company.
INTRODUCTION

In the presence of globalization and standardization which has radically taken over the major part of the world today (Van Neuss, 2018), it is naive enough to underestimate the effect of dissimilarities which does exist among these globalized regions. These dissimilarities occur on so many functions of life, starting with most underpinning ones which are culture and lifestyle, to economic and financial differences. More to this, there are some others like government laws and regulations.

Thus, these dissimilarities give multinational companies options to standardize their operations or to adapt to different local markets. It is left for a company to determine which strategy is best for its operations. Companies which are trying to expand their market across every continent, increase their global presence, profitability and larger market share. The development of a new market for products taking their brands on an international level by covering different market environments. However, company must consider the trends of the market in which they are about to enter, part of which includes the profitability of the market and market growth. The level to which company will change their strategies to suit the market and the entry procedures which might not be the same for same industry in different countries.

The question whether to Standardize or to adapt has gone through a lot of debate (Akgün et al. 2014). The simplicity of standardization in a modernized and globalized world while the other (adaptation) has a strong point of giving different market what they want. Although a globalized world is more preferable but if these dissimilarities still exist a better way to solve this problem is to adapt. More is written in the body of this research study.

This study is structured to analyse the Milo chocolate beverage drink. Chocolate beverage market is always an interesting topic for survey because the nature of these markets is unpredictable, the beverage industry has experienced great changes since the involvement of chocolate flavours in the ready to drink beverages. Whereas little has been spoken about this area of the market.
The study focuses on strategic adaptation, most specifically marketing mix because, lack of adaptation of product in new market, which results into losses. For that, the research is designed on the study of a particular to product to analyse.

The topic of this bachelor’s thesis is about the adaptation of marketing strategy of Nestlé in Nigeria. The focus of the research question is “How does Nestlé adapt its product for Nigerian market?” The objective of the research is how the products have been adapted by using marking mix to determine the effectiveness of the strategy.

The first chapter of this thesis is the theoretical foundation of the existence of standardization, adaptation and localization, the evolution of the shift from globalization to localization and also finding the right path between globalization and localization. And a discussion on brand adaptation and standardization. The second chapter examines the case study market. It begins with the marketing adaptation strategy, Nestlé strategy and adaptation of marketing mix on brand in Nigeria. Using the marketing mix “4P” product, price, place and promotion to analysis the adaptation of Nestlé, it Nigerian market and the consumers’ behavioural aspect.

Further the research focuses on Nestlé adaptation strategy on the selected milo brand, marketing activities such as its competitiveness and other market forces that have affected it position in the market, adaptation process and measurement of adaptation policy in the Nigerian market and also containing Nestlé annual report.

The last chapter concludes the methodology, research findings and discussion of the results on marketing mix strategy of Nestlé Nigeria. The analyses of “4P” mix contributing to the significance of markets and the limitations of this study. Future research will focus on entrepreneurial marketing strategies in food industry with major competitive dominance by multinational company.
1. THE THEORETICAL REVIEW OF ADAPTATION TO STANDARDIZATION STRATEGY

The growth in world of trade today, is an increasing integration of the world’s major economies, and the onward march of globalization, will mean that a decision whether to have a common marketing strategy “standardization” or to be dynamic in marketing strategies at different regions “adaptation” will continue to be an important issue for academic research especially in the field of marketing studies and in practice (Viswanathan & Dickson 2007). Whether to standardize or adapt marketing operations in international markets are the major decisions, company marketing their products or services overseas for business reasons. This decision is affected by companies, beginning to market in foreign countries and those who are already operating internationally, but are considering entering into a new market geographically (Douglas & Craig 2010).

“Standardization is the process of developing and implementing specifications based on the consensus of the views of firms, users, interest groups and governments”(Xie et al 2016), the activities of a multinational company since it is clear that the world today has been going through this process of change towards belief, social, cultural, political, market, economy and even financial, this unification can make it possible for companies to have a particular strategy in every of their activities either in the production stages or marketing stages. One might say that standardization of strategic policies is best because of its simple, transparent and unique way. But this might not always be the case for all multinational companies, and the need for adaptation in a local market is required (Dawar & Frost 1999).

Companies usually adapt their marketing strategies when entering into a new market, especially foreign markets, even in a global era where many brands and products like beverages and fast food outlets are nearly universally frequent and stable (Johansson 2010). Those adaptation decisions come together into an adaptation strategy that can influence the competitive position of the company, and in turn, it also affect its performance in foreign markets. Adaptation strategies may be as simple as
twisting the company’s logo and (or) the colours of the product packaging, or may involve introducing new flavours to make taste of feels better, or new financing models more suitable for the local economy, it can also be on personnel activities.

1.1. International marketing and adaptation

The term International Marketing exist when a company operate in a market that is situated outside the national boundaries of its domestic market. Marketing today has gone beyond providing the unique and acceptable product or service in the immediate market of a company. Companies develop from time to time so as their products or services are spread from different geographical locations to location most importantly across their immediate boarders. So International Marketing is the performance of business activities that direct the flow of a company’s goods and services to consumers or users, in more than one nation for a profit (Cateora & Ghauri, 1999).

International marketing practice is similar to the domestic marketing practice. The only difference that can be pointed out is that under international marketing, the firm is not limited to the national boundaries i.e. marketing strategies are design not just to suit a particular country. This requires the marketing firms to consider trade policies and trade practices of various countries, governing business in the international markets.

The explanation can be back up with the definition of international by Doole and Lowe (2012, 176) which says “At its simplest level, international marketing involves the firm in making one or more marketing mix decisions across national boundaries. At its most complex level, it involves the firm in establishing manufacturing facilities overseas and coordinating marketing strategies across the globe”.

The reason for going internationally, is to find markets (customers) which possess similar needs to those in the domestic market and can be satisfied with similar product and services. Some products or services are not restricted by tribe, location, technology etc. They are perceived same way in the mind regardless of what is made of, therefore companies in these categories saw the need to provide their product in different locations as there exist a market with similar needs to their current ones.
Discovering a market which is suitable to operate is one thing, while method of operation in the market is another thing. The marketing environment usually differs, and therefore the need for some adjustments in the marketing strategy arises. This leads to the notion that international marketing can be viewed as a “collection of more or less coordinated domestic marketing” (Perry 1999, p. 45).

The first factor that affects a firm's current adaptation strategy in a foreign market is the strategy the firm uses when it first enters that market. It is strongly recommended and important that firms formulate their entry strategy through a conscious consideration of their objectives, their resources, and the host country environment to determine the entry mode, the entry alliance strategy, and the timing of the entry is also very critical. Adaptation at entry may be influenced by the decision-making orientation of the firm, and such orientation can be viewed as an antecedent variable. Whether a firm has an ethnocentric, polycentric, regiocentric or geocentric (EPRG) orientation in its international decision making is relevant.

Ethnocentric approach highlights the host countries superiority. Which means it is strongly concerned with the orientation that the host country comes first, the home country knows best culture is applied (Bowie and Buttle, 2004). Here, overseas operations are taken to be an extension operations of the immediate local market. In this approach management philosophy, domestic technology, strategies and even personnel are far more superior to foreign operations and can be considered a perfect fit for foreign operations as well. Companies oriented in this kind of approach are more concerned with their home country structure, and make structures in other countries very simple. Such companies do not adapt their products to the needs and wants of other countries where they have operations.

Ranchhod and Marandi (2005, 23) come up with a good summary of ethnocentric approach, saying that this international marketing orientation “tends to ignore much of the opportunities outside the domestic market while those that venture outside tend to operate on the basis of “standardized” or “extension approach” marketing and do not engage in adaptation of any noticeable degree”. On one hand this approach sometimes can work as advantage for the company when it views foreign markets as “a means of disposing of surplus domestic production”.

Regiocentric approach. In this approach segmentation of the markets is fulfilled on the basis of similarities in terms of regions. A company finds economic, cultural or political similarities among regions in order to cover the similar needs of potential consumers and assume that since they have
similar perspective about life they might have similar needs. A regiocentric firm will anchor its decisions on the basis of the region in which the firm is operating.

Geocentric Approach This orientation favours neither home country nor foreign countries where the company operates. It is also called a global approach the main idea of which is to target “global consumers” who have similar tastes (Coe et al. 2008).

1.2. Standardization, localization and glocalization

Standardization is the tendency toward an international integration of goods, technology, information, labour, capital, or the process of making this integration in an industry or organization. In other words, “it is having a uniform product and marketing strategy throughout the world. The benefits are economies of scale and brand consistency” (Levitt 1983). Standardization has been argued to have several advantages because of its unified strategy and conduct across the various aspects of the marketing mix. Some of these benefits are economies of scale across the elements of the marketing mix, cost reduction, transfer of expertise among others.

Localization is the process of adapting a product or service to a particular culture, language, developing a local appeal and satisfying local needs. However, many people believe that a policy of localization or adaptation is more effective in reaching potential markets because it makes the market perceive the foreign company as one of their local ones. Apart from differences in language, government policies pertaining to different countries which has been discussed earlier, there exist some other factors such as climate, economic conditions, race, topography, political stability, and occupations which influence a firm’s decision whether to localize or not.

The most important of these constraints, and even more difficult to measure, are cultural differences, education, religion, values and attitudes, manners and customs, aesthetics as well as differences in taste, needs and wants, economics, political and legal systems. Advocates of this approach believe that multinational companies must to find out how they must adjust an entire marketing strategy and, including how they sell, distribute it, in order to fit new market demands. These supporters are of the view that altering and adjusting the marketing mix determinants and marketing strategy are essential
and vital to suit local tastes, meet special market needs and consumer’s non-identical requirements (Harris & Attour, 2003).

The term and conceptualisation is introduced by Kotler (2009), as follows: Glocalization is providing a global offer (brand, idea, product, service, etc.), while taking local related issues into account, this is usually seen in the technology world and example is a Google Inc. and Yahoo. They offer their service in almost every part of the world in different languages, but have only one global platform which servers every other local markets. Some issues are keen to glocalization strategy which includes:

- Undifferentiating and convergence in customer preferences and income across target countries with economic development and trade.
- Cost benefits from standardization.
- Falling costs of trade with greater globalization.
- Differentiation - differences in customer preferences and income across target countries.
- Competition from both successful domestic products and international brands.
- High costs of trade create separate markets.
- Utilizing global experiences or a global brand name, and differentiating the offer in order to appeal to local markets.
- Operates within a global market and local market niches.
- Integrating both globalism and localism.
- Integrating quality and values in a product that gets sold in large quantities.
- A glocal product / service can face competition from both local and international brands in a better way because it meets certain local needs or preferences, at lower costs due to the global edge of the company.

Glocal marketing allows for local and global marketing activities to be optimized simultaneously. Nowadays, global companies understand that they often need to customize their products or services to a certain extent.
1.3. Adaptation strategy on marketing mix

Adaptation strategy indicates difficulties in using a standardized approach to meet the “unique dimensions” of different international markets because of the insurmountable differences between countries and even between regions in the same country. Multinational companies should identify how to adjust marketing tactics and strategies and the accompanying marketing mix in terms of how they sell and distribute, in order to satisfy market requirements (Vrontis 2009).

Doole & Lowe (2001, 224) suggested a continuum of standardization and adaptation for firms to decide the balance between standardization and adaptation for each element of marketing management (see Figure 1). In the continuum, they indicated that product and service image is generally easier to standardize than promotion, distribution, and pricing.

The following figure shows the continuum of standardization and adaptation for firms to decide the balance between standardization and adaptation for each element of marketing management.

![Figure 1. Continuum of standardization and adaptation](source)

The main value of a company’s operations is its products. Apparently, success of the firm depends on how good its product(s) are and how well it is able to differentiate from the offerings of competitors
(Czinkota 2010, 357). Armstrong & Kotler (2011) defined product as anything that can be offered to a market for attention, acquisition, use or consumption that may satisfy a want or need.

Product adaptation is considered for customer satisfaction. This can be considered as one of the key factors a company should focus on if marketing mix adaptation is needed as it is the most difficult one to adapt. Product adaptation can be in form or product lunching or the product itself, in order to reach new international markets, the company must choose the right strategy for launching its goods or services.

Table 1. Arguments for standardization and adaptation of product

<table>
<thead>
<tr>
<th>Product Standardization</th>
<th>Product Adaptation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simplicity: It is an easy process for executives to understand and implement</td>
<td>Mandatory adaptation, such as:</td>
</tr>
<tr>
<td>Cost-effective: Reduction of production costs</td>
<td>• Government regulation</td>
</tr>
<tr>
<td>Highly product image</td>
<td>• Electrical current standards</td>
</tr>
<tr>
<td></td>
<td>• Measurement standards</td>
</tr>
<tr>
<td></td>
<td>• Product standards</td>
</tr>
<tr>
<td></td>
<td>Optional adaptation is based on the internal marketer’s discretion in taking action, such as:</td>
</tr>
<tr>
<td></td>
<td>• User’s habits</td>
</tr>
<tr>
<td></td>
<td>• Cultural differences</td>
</tr>
</tbody>
</table>

Source: Onkvisit & Shaw (2009, 247-259)

Product adaptation is considered for customer satisfaction. This can be considered as one of the key factors a company should focus on if marketing mix adaptation is needed as it is the most difficult one to adapt. Product adaptation can be in form or product lunching or the product itself, in order to reach new international markets, the company must choose the right strategy for launching its goods or services. Note that a product can be standardized but its lunching in a new market will be localized. This can also be given as an example of adaptation. Product standardization may not always be a positive idea for a multinational company due to environmental constraints such as legal standards, social and cultural factors (Akgün et al. 2014). Additionally, product adaptation becomes more suitable for the firm to satisfy customer demand. In this case, either slight modification or routed product adaptation is always required for FMCG. There is a relationship between degree of cultural
grounding and product adaptation. The higher the cultural grounding of a country is, the more need for product adaptation. Moreover, consumer products need to be adapted more than industry products. As shown in Figure 2, need for adaptation depends on the degree of cultural grounding and the nature of products.

![Figure 2: Strategic adaptation of foreign markets](image)

Source: Czinkota & Ronkainen (2000, 307)

Price is the most changeable element in the marketing mix, it is the only element that is attributed to just revenue of the company. Its flexibility in nature makes it essential for companies either multinational or not to have a right pricing strategy for the market they operate. “Price is the other important element of the marketing mix. In the narrowest sense, price is the amount of money charged for a product or service. More broadly, price is the sum of all the values that customers spend in order to gain the benefits of having a product or service (Kotler et al 2009).

Distribution includes decisions and activities that make products available to customers when and where they want to purchase them. A channel of distribution is an organized network of agencies that combine to link producers with users. Choosing a type of distribution channels to use is a major decision in the development of marketing strategies. Channels of distribution have usually developed through the cultural traditions of the country. Thus, there are great disparities across nations, which make the development of any standardized approach difficult. In addition, customer characteristics are different from culture to culture. It is necessary to research not only what customers’ needs but also why they buy, when they buy and how they buy. The place of distribution is very important since
it affects customer’s consumption ability. Thus, adaptation of the distribution can help the firm reduce cost and thereby increase profitability. It is complicated to standardize the distribution because distribution channels vary from one country to another.

Table 2. Discusses the comparison between pricing standardization and pricing adaptation.

<table>
<thead>
<tr>
<th>Pricing standardization</th>
<th>Pricing adaptation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-risk strategy as a fixed return is guaranteed</td>
<td>Profits and sales volume can increase due to different markets.</td>
</tr>
<tr>
<td>Good image of multi-national firms</td>
<td>Lack of control because of market-differentiated pricing</td>
</tr>
<tr>
<td>No effort is made to maximize either profits or sales volume because they set the same price for all markets</td>
<td>Bad image of multi-national firms</td>
</tr>
<tr>
<td>Used when selling highly specialized manufacturing plant</td>
<td></td>
</tr>
</tbody>
</table>

Source: Doole & Lowe (2001, 420)

A company’s total promotion mix also called its marketing communications mix. It consists of the specific blend of advertising, public relations, personal selling and sales promotion. Promotion is not just about advertising your business, nor is it just about selling. It's about pulling together a range of techniques, in the most cost-effective way you can, to initiate, increase and maintain awareness of what you offer to your customers.

Promotion can be influenced by language, religions, values, laws, beliefs, economic differentiation and the type of media resources available. These things are factors that pursue the need for adaptation of promotional strategies. Some countries translate to local language which calls for a whole change of promotion. Factors that have led firms to adapt its promotion are shortly summarized as; Customer satisfaction, Cultural differences and other environmental factors such as political and legal constraints (Doole & Lowe 2012, 176-198).
2. ADAPTATION MARKETING STRATEGY

Product adaptation is a process of modifying a current product so it is reasonable for various customers or markets. An adaptation strategy is especially critical for organizations that exports their products since it guarantees that the product meets local cultural and administrative requirements.

A company’s marketing approach is considered as one of the integrated decisions by which a company targets market to achieve it organizational goals. These strategies are related to marketing division, targeting, distribution of resources to promote marketing and communication. Inability to recognize concept amongst planned and acknowledged methodologies risks administrative overemphasis of an idealized rendition of strategy that doesn't compare to the actualized method (Chari et al. 2017).

2.1. Nestlé strategy and adaptation of marketing mix on brand in Nigeria

In recent years, two-thirds of Nestlé’s growth has come from acquisitions, so this is a critical function. Running in parallel to this structure is a regional organization that divides the world into five major geographical zones, such as Europe, North America and Asia. The regional organizations assist in the overall strategy development process and are responsible for developing regional strategies (an example would be Nestlé’s strategy in the Middle East, which was discussed earlier). Neither the SBU nor regional managers, however, get involved in local operating or strategic decisions on anything other than an exceptional basis.

In general, the company’s strategy had been to enter emerging markets early before competitors as this will give Nestlé opportunity to build itself in a position where it can sell its known food items to the local market. Nestlé narrows its market penetration activities at the initial stages to just a strategic brand, Nestlé claims it can simplify life, reduce risk, and concentrate its marketing resources and managerial effort on a limited number of key niches.
The goal is to build a commanding market position in each of these niches. 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 markets for soups in Chile. As income levels rise, the company progressively moves out from these niches, introducing more upscale items, such as mineral water, chocolate, cookies, and prepared foodstuffs. Successful execution of the strategy for developing markets requires a degree of flexibility, an ability to adapt in often unforeseen ways to local conditions, and a long-term perspective that puts building a sustainable business before short-term profitability.

In Nigeria, for example, a crumbling road system, aging trucks, and the danger of violence forced the company to re-think its traditional distribution methods. Instead of operating a central warehouse, as is its preference in most nations, the country. For safety reasons, trucks carrying Nestlé goods are allowed to travel only during the day and frequently under-armed guard. Marketing also poses challenges in Nigeria. With little opportunity for typical Western-style advertising on television of billboards, the company hired local singers to go to towns and villages offering a mix of entertainment and product demonstrations (Annual report 2014).

2.2. Nestlé market in Nigeria

Nestlé Nigeria Plc. is a subsidiary of Nestlé South Africa. It has been operating in Nigeria even before the country gained its independence. The sales of the first Nestlé products in Nigeria date back to the beginning of the 20th century. This was through local importers who placed their orders directly with British trading companies active in the country. Imports were at first sporadic, but became regular from the 1920s when Nestlé decided to formally organize the importation and distribution of products, and right from then the company has grown to become a major player in the country food market. In 1961, one year after Nigerian independence, “Nestlé Products (Nigeria) Limited” was officially created. This meant the start of the Nestlé operations in Nigeria as a locally based subsidiary of Nestlé S.A. The company has been in the market for more than fifty years which it is convenient to say most youth of today in the country grew up to know Nestlé as a hero who provides the need for chocolate products and domestic products. Milo brand in Nigeria is most favourite for every childhood as it is
reach in vitamins and right from the inceptions, Nestlé is constantly introducing new brands in to the market.

According to the company’s annual report in 2012, its turnover in Nigeria was amounting to around 118 billion Naira (about $900 million) the company has a significant number employee in the labour market with Over 3,300 employees. It recently built a new factory in Lagos state the major business district in Nigeria which gives room for more employment opportunities in the country. Collectively, Nestlé has two factories in Nigeria: (Agbara Manufacturing Complex and Flowergate) the company also operate one big Distribution centre which is also situated in the western part of the country (Otta Distribution Centre).

Nestlé is company which operates a decentralized system of organizations which was discussed earlier in the chapter. This means Nestlé does not use an overall strategy in adaptation. A decentralized system give room for each business department to make decision on its own i.e. employee decision is trusted. For a multinational company with more than on product, different market analysis determines what adaptation strategy can be used. Nestlé operate in Nigeria and across Africa but, does not approach the market with same products or style. The following analysis of Milo brand is made to help understand how much Nestlé adapted Milo to Nigeria market (Annual report 2012).

Product Mix is the total range of products that are manufactured by a company. Research on the reciprocal effects of brand extensions suggests that failure, poor quality, or low typicality of an extension has an adverse effect on the parent brand evaluations (Kumar 2005). Milo entered the Nigeria market just like in every other country where it’s been sold, it comes in a 900g to 500g tin pack. In 2000s, a tremendous increase in competition from Cadbury and the poor economic status of Nigeria force the company to find a way to adapt with the market trends. The reply from the company resulted in provision of more milo brand options in the market. The following sizes and packs were table to the market.

- Milo 900g tin pack
- Milo 500g tin pack
- Milo 500g sachet pack (refill)
- Milo 200g sachet pack
- Milo 15g sachet pack
The 200g was introduced into the market for group of consumers who are willing to buy the 500g but short of fund, while the 15g is a onetime sachet. This response yield positively and has kept Milo brand with a good shape in the market.

Promotion Mix accordingly also called as marketing communication mix consists of all the promotion tools in a perfect blend which an organization uses to promote its products (Armstrong & Kotler 2009). Milo brings attention of product to customers. This remain one of the main activities of a company because customer get to know more about the product through advertisement and some other direct marketing tools. Nestlé adopts a promotion mix with a perfect blend of several different promotion tools to promote the value of its product and make the customers aware of their different products. Milo is a brand with huge success promotion mix, the company’s huge investment in corporate social responsibility game milo a good promotional advantages and a smooth way for adaption.

A value that will purchase a finite quantity, weight, or other measure of a good or service price is determined by what a buyer is willing to pay, a seller is willing to accept, and the competition is allowing to be charged (Chan et al. 2017). In pricing strategy, Nestlé Nigeria just like in other country has adopted a non-price competition strategy on all its product. This gives the company the power to control its product price in the market. Regardless of other transaction costs, Nestlé set a standard price for milo in the market.

Milo price is a bit higher than Bournvita which is the main challenging competitor in the market, this gives no room for any price inflation from whole seller of retailer. Instead, uses its product range as a means to tackle the pricing problem. The Milo 500g sachet pack contain the same quantity as the 500g tin pack but has a lower price compared with tin. The strategy behind this is the 500g tin pack container last is design in a way that it can be used as long as wished which the 500g sachet pack is only foldable and not so durable. This gives consumer the chance to buy the tin pack at first and buy the sachet pack for refill at subsequent times. Also, Nestlé offers trade discounts to its distributors.

Manufacturers, wholesalers and retailers want product to reach its destination on time. Fast Moving Consumer Goods (FMCG) (Igi & kellner 2017). Nestlé offers a fast moving consumers’ good which means they adopts the consumer marketing channel type, whereby the products go through the middle man i.e. the wholesaler and the retailer to the consumers. This is also used for the Milo market. This among other marketing mix is less adapted because of the nature of the product. FMCG goes through
a long channel of distribution. The channel of distribution strategic decisions is determined on the basis of the following factors.

- Distribution coverage required
- Degree of control desired
- Total distribution cost
- Channel flexibility

In summary, marketing mix theories and Nestlé’s use of each on Milo brand in Nigeria is been analysed in the appendix 1. After critical comparison of theories and practical information.
3. METHODOLOGY

Kraemar (1991) recognized three distinguishing qualities of studying survey research. Survey research utilizes quantitative research particularly for a given populace. These features regularly include looking at the connections among data. Secondly, the information required for overview explore are gathered from individuals and are, in this manner, subjective. Lastly, Survey research choose a segment of the populace from which the discoveries can later be summed up back to the entire sample.

3.1. Research method – survey

The sampling of study comprises of questionnaires handed to wholesalers, retailers and consumers. The questionnaire used was divided into two parts. The first part provides basic information: measures demographic profile of respondent in relation to educational qualification, age, gender, position and an undisclosed way to measure the respondent experience on the field. The second part of the questionnaire is a survey on marketing mix: product, promotion price and place, the effectiveness of adaptation strategies that stimulates demand for Milo brand and how product has adapted in way that influence consumers’ decision.

Part of what will be the deciding factor is which adaption of marketing mix affect the effectiveness of Nestlé in Nigeria and to determine the level of customer loyalty and acceptance of their product in this country.

The main objectives of this chapter is to analyse, interpret and present the data that was obtained from the findings. The projected number of respondents were 120 to 150 people and the total of 122 respondents were collected, out which 5 respondents were wholesales, 26 retailers and 91 consumers. The sample locations are Mushin, Oshodi and Ojuelegba in Lagos Nigeria. These places are densely
populated and the reason for choosing these location is to capture a large group of people, these locations have many open markets areas and small retailers around the corners of the streets.

Before carrying out the survey, there was observation that most people in the areas are not computer literate, they are market men and women. A small percentage of people who are computer literate cannot fill the questionnaires via Google docs due to lack of electricity or poor internet network. Therefore, questionnaires were printed on paper and was handed to each individual with a pen to respond to the survey in situ.

The respondents had a positive attitude towards this survey, people were patient and attentive as the explanation, purpose and details of the survey was presented to them. Few situations occurred where the questionnaire was read to the respondents and sometimes translated to Yoruba language for the respondents to understand what the survey is all about.

Table 3. Gender of respondents

<table>
<thead>
<tr>
<th>Variables</th>
<th>Frequency (age 21 - 60)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>67</td>
<td>54.9</td>
</tr>
<tr>
<td>Female</td>
<td>55</td>
<td>45.1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>122</td>
<td>100</td>
</tr>
</tbody>
</table>

The table above shows that the number of respondents who answered questionnaire, number of male respondents were 54.9% while female is 45.1%. The data indicates that there are more male in the respondents than female.
Table 4. Age of respondents

<table>
<thead>
<tr>
<th>Age interval</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>21-30</td>
<td>40</td>
<td>32.7</td>
</tr>
<tr>
<td>31-40</td>
<td>48</td>
<td>39.4</td>
</tr>
<tr>
<td>41-50</td>
<td>21</td>
<td>17.2</td>
</tr>
<tr>
<td>51-60</td>
<td>13</td>
<td>10.7</td>
</tr>
<tr>
<td>Total</td>
<td>122</td>
<td>100</td>
</tr>
</tbody>
</table>

This table above illustrate the number of respondents based on the age group. The age group were divided into intervals. 21 -30 years of age were 40, 31-40 years of age were 48, 41-50 years of age were 21, 51-60 of age were 13 respondents. This information obtained showed that the majority of the respondents are consumers of milo drink.

3.2. Research question and results

In this study, Likert scale was used to measure the respondent’s demeanour to a specific question or statement. To breakdown the information, it is generally coded as follows. To break down the information, it uses general convention as follows:

- 1 = Strongly disagree
- 2 = Disagree
- 3 = Neutral
- 4 = Agree
- 5 = Strongly agree

One must recall that Likert-type data is ordinal data, i.e. we can only say that one score is higher than another, not the distance between the points.
Adaptation of promotional tools such as advertising, sales promotions, publicity etc stimulate repeat of purchase for Milo brand. There is a strong observation that advertisement, publicity and other sale promotions have significantly added to stability of demand for milo in the market.

Question 1. Do you think that promotional method influences your decision to buy Milo beverage drink?

Table 5. Promotion mix

<table>
<thead>
<tr>
<th>Likert scale</th>
<th>Frequency (age 21 - 60)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>31</td>
<td>25.4</td>
</tr>
<tr>
<td>Agree</td>
<td>40</td>
<td>32.8</td>
</tr>
<tr>
<td>Neutral</td>
<td>21</td>
<td>17.2</td>
</tr>
<tr>
<td>Disagree</td>
<td>19</td>
<td>15.6</td>
</tr>
<tr>
<td>Strong disagree</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>122</td>
<td>100</td>
</tr>
</tbody>
</table>

Adaptation of price such as price discounting for wholesalers and retailers affects consumers’ decision on Milo brand. Price Discounting strategy for wholesales have positively affected consumer turn up for Milo in the local open-market.

Question 2. Do you think that the price of the product represents the true value?
The inclusion of open-market sales style, in the company’s distribution channel design, had created a positive turn up for consumer on Milo brand. Making Milo available in the local open market and other on-street kiosk has added to consumer’s conveniences and is having a great impact on the product demand.

Question 3. Do you think the Milo beverage drink is easily accessible to purchase?

Table 6. Price mix

<table>
<thead>
<tr>
<th>Likert scale</th>
<th>Frequency (age 21 - 60)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>28</td>
<td>22.9</td>
</tr>
<tr>
<td>Agree</td>
<td>37</td>
<td>30.4</td>
</tr>
<tr>
<td>Neutral</td>
<td>23</td>
<td>18.7</td>
</tr>
<tr>
<td>Disagree</td>
<td>18</td>
<td>14.8</td>
</tr>
<tr>
<td>Strong disagree</td>
<td>16</td>
<td>13.2</td>
</tr>
<tr>
<td>Total</td>
<td>122</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 7. Place mix

<table>
<thead>
<tr>
<th>Likert scale</th>
<th>Frequency (age 21 - 60)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>47</td>
<td>38.5</td>
</tr>
<tr>
<td>Agree</td>
<td>40</td>
<td>32.8</td>
</tr>
<tr>
<td>Neutral</td>
<td>18</td>
<td>14.8</td>
</tr>
<tr>
<td>Disagree</td>
<td>11</td>
<td>9.0</td>
</tr>
<tr>
<td>Strong disagree</td>
<td>6</td>
<td>4.9</td>
</tr>
<tr>
<td>Total</td>
<td>122</td>
<td>100</td>
</tr>
</tbody>
</table>
Adaptation of product such as size and packaging can increase repurchase rate and same case for Milo brand. Product modification and resizing such as Milo sachet pack and Milo reasy stability in the market.

Question 4. Are you satisfied with the quality of Milo beverage drink?

Table 8. Product mix

<table>
<thead>
<tr>
<th>Likert scale</th>
<th>Frequency (age 21 - 60)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>37</td>
<td>30.3</td>
</tr>
<tr>
<td>Agree</td>
<td>35</td>
<td>28.7</td>
</tr>
<tr>
<td>Neutral</td>
<td>22</td>
<td>18</td>
</tr>
<tr>
<td>Disagree</td>
<td>19</td>
<td>15.6</td>
</tr>
<tr>
<td>Strong disagree</td>
<td>9</td>
<td>7.4</td>
</tr>
<tr>
<td>Total</td>
<td>122</td>
<td>100</td>
</tr>
</tbody>
</table>

The study shows the level by which marketing of product to consumer has implemented marketing mix in a local market. This approach can also be used on a larger market, even to carry out market analysis at international stage. The data shows the degree of adaptation across marketing mix, Nestle Milo and market factors on this procedure used. The outcomes show that adaptation promotes the distribution of product in the market.
CONCLUSION

This research work begins with theoretical analysis of adaptation, standardization and other close related such as: globalization, localization, glocalization etc. Based on the contest of analysis of this study, comparison was made between adaptation of product in a local market, to an extend that it can be considered as a part of adaptation process. The decisions needed to advancing market-oriented strategies relevant to realization outcomes for company that promote customer service and quality.

The adaptation of Nestlé Milo beverage drink in the local market, it local operation in Lagos Nigeria can be concluded that among the marketing mix activities price turned out to be most difficult to adapt because it tends to be an activity which actively involve the consumers and the company, it is the first market language understood by consumers. Also a decision has been reached that brand adaptation works with the marketing mix adaptation because it’s extended value and the touch up effect it can have on final price setting.

From the field survey conducted amongst consumers, retailers and wholesalers, the adaptation of Milo brand show different indication to marketing mix. Promotion mix shows that 25.4 % strongly agree, 32.8% agree, 17.2% are neutral, 15.6% disagree and 9% strongly disagree. This means that the purpose of promotion is to get consumer to know the product, the survey indicates that customers are looking at the product and the information is reaching its destination. Price mix shows that 22.9% strongly agree, 30.4% agree, 18.7% are neutral, 14.8% disagree and 13.2% strongly disagree. Price mix survey indicates that customers are satisfied with the price they purchase Milo drink.

Place mix show that 38.5 % strongly agree, 32.8% agree, 14.8% are neutral, 9.0% disagree and 4.9% strongly disagree. The survey demonstrates that the distribution channels to reach the customers acceptable. There are many retail store, kiosk and other local vendor that supply directly to the consumer. Product mix shows that 30.3% of the survey strongly agree, 28.7% agree, 18% are neutral, 15.6% disagree and 7.4% strongly disagree. The product mix demonstrates customer’s satisfaction on physical product itself, the exterior presentation of the product. there are segments and portions associated with the product that entice the customers. Other product characteristics and features include: quality, options and brand name.
In the insight of overall theories reviewed and survey carried out we have finally concluded that adaptation of strategies and marketing activities is a critical decision for multinational companies. Our case study is a good example of this. Survey proved that its adaptation activities carried out on the Milo brand in the Nigeria market has a key factor to compete successfully in the market.

The evidence from the finding is: the respondents indicate their agreement that Nestlé makes use of adaptation of marketing mix planning and strategy and multinational organization: Nestlé do adapt to their local market. The research also finds that marketing aims and objectives of Nestlé were better accomplished as a result of combined effort of institutional structures and showing a great deal of variety of strategies were embraced.

The contribution of this study is that marketing mix is not only a significant tool for creating the right marketing strategy and its implementation through effective tactics, but also a considerable tool to be used for strategic adaptation. The assessment of the roles of product, promotion, price, and place play a vital part in overall marketing strategy as well as in localisation.

This research cannot be generalized to the whole of Nigeria, due to the way consumers are located geographically across the country and the diversity of the country, for instance: cultural norms and value in the Northern Nigeria is entirely different from Lagos where the survey was carried out. The marketing strategy and planning (market mix), price mix and product mix i.e., design are universal across the country. On the other hand, promotion mix and place mix employed the different strategy that is concise with the culture and economy of these locations. This leaves questions for further research – How far can or should a global brand go with adaptation and localisation without losing the central brand imago and position. This research has been restricted to Milo brand in Nigeria alone and its external market activities and external market forces were not considered.
REFERENCE


# APPENDICES

Appendix 1. Marketing mix theories versus Nestlé’s Milo brand use of them

<table>
<thead>
<tr>
<th>Adaptation of products</th>
<th>Nestlé’s Milo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumers product should be adapted to the culture of the country</td>
<td>Yes</td>
</tr>
<tr>
<td>Company should concentrate on voluntary adaptation</td>
<td>Yes</td>
</tr>
<tr>
<td>Use of Hofstede’s five cultural dimensions to estimate reaction of consumers are going to react when a new product is launched in their country</td>
<td>Yes</td>
</tr>
<tr>
<td>According to continuum, is product difficult to adapt</td>
<td>No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adaptation of price</th>
<th>Nestlé’s Milo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factors driving price differentiation: customer preferences, competitive situation, cost situation, exchange rates, tariffs and duties</td>
<td>Yes</td>
</tr>
<tr>
<td>Opportunity to sell in a higher price in developing countries</td>
<td>Yes</td>
</tr>
<tr>
<td>Reduction of trade barriers</td>
<td>No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adaptation of promotion</th>
<th>Nestlé’s Milo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketers have to create same advertising message effective all over the world</td>
<td>No</td>
</tr>
<tr>
<td>Promotion can be adapted through modifications with cost effective strategy</td>
<td>Yes</td>
</tr>
<tr>
<td>Use of Hall’s theory about communication to know how the company can promote its products depending of the high and low context society</td>
<td>Yes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adaptation of place</th>
<th>Nestlé’s Milo</th>
</tr>
</thead>
<tbody>
<tr>
<td>According to the continuum, distribution is adaptable</td>
<td>Yes</td>
</tr>
<tr>
<td>Use of Hofstede’s theory to adjust the distribution channel to the culture (hire employees)</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Source: Compiled by author