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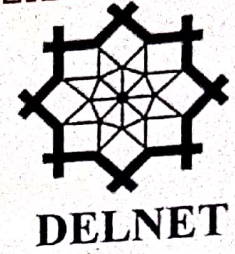
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This is to certify that _Ashwin Amrutkar, Librarian_

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NESTLE'S MAGGI: MARKET RESPONSE BEFORE AND POST BAN.

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ABSTRACT

Maggi has become like a staple diet for consumers in India since last two decades. It is very close to the heart of young consumers and its property of convenient to cook and being very good at taste makes it likeable in every age group. But Maggi faced a serious ban in June 2015 and it had to recall its product from the market due to presence of Mono Sodium Glutamate (MSG) and lead content beyond the permissible limit by law as scrutinized by FSSAI, as a result it created a steer of confusion among the consumers of Maggi regarding its safety. Earlier Maggi claimed in its advertisements "Taste bhi, Health bhi" but due to the ban this positioning in consumer's mind was shaken. Maggi being a packaged readymade product, young consumers are more attracted to Maggi than old aged consumer. Thus this research analyses the behavior of both the types of consumers and sees comparatively how the ban affected the behavior of these different age groups. The research also throws light on general behavior of consumers towards Maggi as it has been, loyalty aspect and perception aspect before ban, after ban and its subsequent re-launch.

KEYWORDS

Consumer Behavior, Customer loyalty, Customer preferences, Brand Image, Maggi, Maggi ban.

INTRODUCTION

"Consumer behavior is the decision process and physical activity individuals engage in when evaluating, acquiring, using, or disposing of goods and services" (Loudon et al, 2002)

"Consumer behavior is the behavior that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs." (Schiffman et al, 2007)

Both the definitions are very close to each other defining consumer behaviour as a process or set of activities that individuals perform from start to end of using that product or service. This study further focuses on perception, loyalty and general consumer behaviour towards Maggi as a brand in young and old aged consumers. The study is an effort to relate the consumer behavior towards Maggi and the Maggi row. This consumer behavior was studied among young and old aged consumers because it is an assumption that the young and old aged people have different perceptions in general even about the same things. Maggi became an object of study here where in India packaged food in general is not considered healthy but Maggi grew exceptionally well in Indian market and become like a staple food for most in the last two decades; but! due to Maggi ban and the entire Maggi row a confusing steer related to the reliability of the product got created and now after its re-launch there aroused a curiosity of what would be Maggi now. Would the perception and loyalty towards it change in general? Would the old aged consumers who are generally more health conscious stop consuming Maggi? Would there be differences in behavior among the young and old consumers of Maggi?

Consumer perception is highly individualistic in nature and varies from person to person. Even with same market condition and same exposure to it different people may perceive a product or service differently. It has defined it as a "the process by which an individual selects, organizes and interprets stimuli into a meaningful and coherent picture of the world" (Schiffman et al, 2007)

Brand loyalty is that success of a brand which is not only dependent on how many new consumers become part of your market share but also on how many consumers are retained in your market share (Loudon et al, 2002).

This is the only way market share increases and brands become successful; thus loyalty as a concept is very important for the brand's success. Also among the many factors affecting brand loyalty, market structure variables and perceived risk are also the important ones affecting the loyalty of the consumers.

LITERATURE REVIEW

Product quality and availability are the most important factors in any consumer buying behavior. Quality was one of the most important factor in choosing an instant food product followed by availability, convenience and other factors (M Bala Swamy et al 2012).

Maggi 2 min noodles and vegetable multigrain Atta noodles were the most preferred brand among the other Nestle brands .Majority of people purchased Maggi because of its quality and a higher percent of people are aware of its ingredient or contents (Ganesan and et al 2012).

Purchase behavior towards noodles in Indonesia indicates that consumers are neglecting health risk in consuming noodles. Risk perception of the consumer; one of the type of risk perceived by a consumer is physicality risk which is a risk to self or others by a product (Fauziah Eddyono et al 2014).

Consumers are not ready to change their brand of instant food products. Meaning consumers are more brand loyal in case of instant food products (A. Jafersadhiq, 2014).

With the busy lifestyles of modern men and increase in working women i.e. overall change in lifestyles of people there is a huge increase in dependence on convenience food, noodles being one of them and Maggi brand bagging the lion's share in it. There exists a relationship between favorable consumer behavior, consumer's perception, brand parity and consumer's style of purchasing noodles (Subrata Ray, 2009).

The dominating factors found in the CBBE model for consumers and also which influence the purchase of Maggi were effectiveness, celebration, feeling of fun, personally relevant, only brand the consumers feel (B.Saran et al 2014).

Maggi is the most preferred brand followed by Yippee noodles. Quality, ingredient for taste and availability are the most important factor considered for Maggi (Nehal A. Shah et al 2012).

TABLE 3.1: FACTORS THAT INFLUENCE PREFERENCE OF THE CONSUMER

MAGGI

Maggi	High	Good	Average	Low
Quality	74%	19%	2%	2%
Price	19%	60%	11%	7%
Brand name	45%	35%	16%	4%
Promotional offers	42%	36%	14%	8%
Availability	53%	31%	11%	5%
Packaging	39%	42%	14%	5%

Source: annexure, table3.1, "Study of consumer preferences and its affecting factors towards selection of various Noodles of branded companies in Ahmedabad city" (Shah et al 2012)

MSG i.e. Mono Sodium Glutamate and lead were the two major culprits behind the Maggi row. 9 variants of Maggi were banned and FSSAI on June5, 2015 ordered withdrawal of Maggi because of lead and MSG issue (Neha Garg, 2015)

The ban brings out an important aspect of the regulator, which is safeguarding the consumers, besides monitoring the manufacturing, packaging, labeling and the like processes of the food companies, it identifies the health and safety risks for the consumers (Akanksha Chhibber, 2015)

Though taste factor is important in a brand but health is also very important factor in fact an indispensable one and the company has miles to go before they return and would have to work really hard to restore the lost faith of Maggi consumers in them (Binoo Gupta, 2015)

Indian consumers feel cheated by the most trusted brand of noodles and that the company should be more forth coming in communicating actively and transparently to the public (Ramesh Sardar, 2015).

OBJECTIVES

1. To study the consumer behavior towards Maggi as a product before it was banned.

2. To study the consumer behavior towards Maggi as a product post-ban after it's re-launch.

3. To comparatively study the perception of youth and old aged consumers towards Maggi.

4. To identify the changes in perception if any before ban and post-ban after its re-launch.

5. To study customer loyalty towards Maggi.

METHODOLOGY

The study is descriptive in nature. It was conducted in Nashik city area and judgmental sampling method was used. The study was undertaken during December 2017 to April 2018. The study is based on the data collected in the form of a structured questionnaire from 160 respondents aged between 15 years to above 55 years. The two age groups, one being "YOUNG" (below 35 years of age) and the other being "OLD aged" (above 35 years of age) were considered. An equal sized sample of 80 was considered for both the age groups and the study of consumer behavior among these two groups was analyzed. Only Maggi consumers were sampled for the study. The data collected were analyzed and hypotheses were tested using SPSS 17. The statistical tools

used were frequency, percentage and chi square test. The hypothesis testing was done using chi square analysis at an α of 5%. The limitation of the study is its restriction to Nashik city. Web and print media was used as secondary data.

SAMPLE DISTRIBUTION

TABLE I: AGE (Years)

Age(yrs.)		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	15-25	62	38.8	38.8	38.8
	26-35	18	11.3	11.3	50.0
	36-45	38	23.8	23.8	73.8
	46-55	30	18.8	18.8	92.5
	above 55	12	7.5	7.5	100.0
	Total	160	100.0	100.0	

According to table I, 38.8% of the respondents belonged to age group 15-25, 11.3% from age group 26-35, 23.8% from age group 36-45, 18% from age group 46-55 and 7.5 % from above 55 age group.

TABLE II: GENDER

Gender		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	61	38.1	38.1	38.1
	Female	99	61.9	61.9	100.0
	Total	160	100.0	100.0	

According to table II, 38.1% of sample are male and 61.9% are female.

TABLE III: FAMILY SIZE

Family size		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	9	5.6	5.6	5.6
	Nuclear	97	60.6	60.6	66.3
	Joint family	54	33.8	33.8	100.0
	Total	160	100.0	100.0	

According to table III, 5.6% of sample are single, 60.6%have nuclear family size,33.8% have joint family size.

TABLE IV: OCCUPATION

Occupation		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	53	33.1	33.1	33.1
	Service	45	28.1	28.1	61.3
	Business	33	20.6	20.6	81.9
	Home maker	25	15.6	15.6	97.5
	Retired	4	2.5	2.5	100.0
	Total	160	100.0	100.0	

According to table IV, 33.1% of sample are students, 28.1% are in service, 20.6% belong to business,

15.6% are homemaker and 2.5% are retired

TABLE V: MONTHLY INCOME

Monthly income	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 10000-20000	*19*	*11.9*	*11.9*	*11.9*
21000-30000	25	15.6	15.6	27.5
31000-40000	19	11.9	11.9	39.4
41000-50000	16	10.0	10.0	49.4
more than 50000	19	11.9	11.9	61.3
N.A	62	38.8	38.8	100.0
Total	160	100.0	100.0	

According to table V, 11.9% belong to the income group 10,000-20,000,15.6% belong to the income group

21,000-30000, 11.9 % belong to the income group 31,000-40,000, 10.0% belong to the income group 41,000-

50,000,11.9% belong to the income group more than 50,000 and 38.8% in N.A group.

DATA ANALYSIS AND INTERPRETATION

TABLE VI: Loyalty towards Maggi (likelihood to purchase Maggi after re-launch)

	Extremely likely	Very likely	Somewhat likely	
Age	Frequency			Total
Young	8	21	27	56
Old	8	27	23	58

According to table VI, 56 young consumers and 58 old consumers are likely to repurchase Maggi after its re-

launch and prove their loyalty.

TABLE VII: Perception of youth towards Maggi (words used to describe Maggi before and after it's re-launch)

Customer type	reliable & high quality	convenient and safe	food to enjoy	Unreliable, unsafe and low quality	Total
Perception of young respondents before ban	5	39	33	3	80
Perception of young respondents after ban and subsequent re-launch	12	20	28	20	80
Total	17	59	61	23	160

According to table VII, 5 respondents considered it as reliable and safe before ban and 12 respondents considered it the same after re-launch. The no. has been drastically changed in considering Maggi as unreliable, unsafe and low quality from 3 before ban to 23 after re-launch.

TABLE VIII: Perception of youth towards Maggi (words used to describe Maggi before and after its re-launch)

Age	Words to describe Maggi				
	Reliable & high quality	Convenient and safe	Food to enjoy	Unreliable, unsafe and low quality	Total
Perception of old aged respondents before ban	10	37	27	6	80
Perception of old aged respondents after ban and subsequent re-launch	8	27	26	19	80
Total	18	64	53	25	160

According to table VIII, 10 respondents considered Maggi as reliable and safe before ban and 8 considered it the same after re-launch. The no. has been drastically changed in considering Maggi as unreliable, unsafe and low quality from 6 respondents before ban to 19 after re-launch.

TABLE IX: Female v/s Male loyalty (according to the likelihood of the re-purchase of Maggi)

Gender	Loyal	Disloyal	Total
Male	45	16	61
Female	69	30	99
	114	46	160

According to table XI, 45 male consumers and 69 female consumers were loyal and 16 male and 30 female consumers were disloyal after the Maggi row.

FINDINGS

The above study was aimed at a comparison between the young and the old aged consumer behavior for Maggi product in connection to the entire Maggi row. Consumer behaviors for both the age groups were studied for this. In connection with this some hypothesis statements were made and put to test using chi square analysis. SPSS17 was used in hypothesis testing.

Following are the hypotheses and their results.

1. The young consumers are more loyal towards Maggi as a brand than the old consumers.

2. There is no change in perception towards Maggi after its ban and its subsequent re-launch among young consumers.

3. There is change in perception towards Maggi after its ban and subsequent re-launch among old consumers.

4. Female consumers are more likely to stop consuming Maggi as compared to male consumers.

1. Ho: There is no difference in loyalty towards Maggi as a brand among the young and the old consumers.

    H1: The young consumers are more loyal towards Maggi as a brand than the old   consumers

    Conclusion: Since the calculated X^2 (1.027) is less than the table value of X2(5.991) at 2 df and at 5% significance level the null hypothesis is true ie there is no difference in loyalty towards Maggi as a brand among the young and the old consumers.

2. H0:There is no change in perception towards Maggi after its ban and its subsequent re-launch among young consumers

    H2: There is change in perception towards Maggi after its ban and its subsequent re-launch among young consumers

    Conclusion: Since the calculated X^2 (22) is more than the table value of X2(7.851) at 3 df and at 5% significance level the null hypothesis is rejected

3. H0: There is no change in perception towards Maggi after its ban and subsequent re-launch among old consumers

   H3: There is change in perception towards Maggi after its ban and subsequent re-launch among old consumers

   Conclusion: Since the calculated X^2 (8.56) is more than the table value of X2(7.851) at 3 df and at 5% significance level the null hypothesis is rejected.

4. H0: Male and female consumers are equally likely to stop consuming Maggi after its re- launch.

   H4: Female consumers are more likely to stop consuming Maggi compared to male consumers after its re-launch.

Conclusion: Since the calculated X^2 (0.305) is less than the table value of X2(3.841) at 1 df and at 5% significance level the null hypothesis is accepted.

LIMITATIONS

The study was conducted in Nashik city only which limits the study geographically. The study focuses on consumer behavior only according to the two defined age groups of young and old consumers; it doesn't focus much on other demographic factors. The study was concluded in the limited time frame of five months.

CONCLUSION

Thus this research work was carried out which showed that both young and old consumers are equally loyal towards Maggi even after the ban episode but their perception towards Maggi has changed now as the brand name and trust on the product has been shaken. The assumption that female who would be more likely to consume Maggi after its re-launch than male consumer has been disapproved by the tests carried out so it can be concluded that loyalty towards Maggi is not gender biased and also the consumer behavior among young and old aged consumers towards Maggi did not show any stark difference related to loyalty aspect though the perceptions about Maggi has been changed due to the ban and that also in both the age categories. So it can be concluded on a macro level that consumer behavior towards Maggi is not biased according to the demographics or age in particular; though the perception about the brand may have changed due the entire Maggi row.

SCOPE FOR FUTURE STUDY

The study checks for changes in the consumer behavior central to this theme, therefore more extensive research considering different combination of demographic factors other than age and gender for consumer behavior of Maggi brand could be undertaken especially after its re-launch scenario. This research would also help in further extension as to how Nestle Maggi would now rebuild its brand positioning and the methods that could be deployed to manage such public relationship crisis as in case of Nestle Maggi.

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