# Tradeoff Of Advertising And Publicity: A Case Study On Maggi In PAN India

Shamily Jaggi (Assistant Professor, Lovely Professional University) (Research Scholar(Part time), Punjab Technical University) Dr. Sanjay Kumar Bahl (Director-Sri Sai Institute of Management)

### I. Introduction

Today it is the era when the people have a wide range of choice in eatables. The **"Easy to cook"** foods have remarkably attracted the masses. Noodles, Pasta and Macroni are the foods which are being liked by everybody irrespective to the age group. Maggi is also one among the brand catgories. Maggi is an international brand of instant noodles, instant soups, seasonongs, sauces and stocks ketchups. Julius Maggi has founded this company in 1872 in switzerland when he possessed his father's mill. Maggi was the first to bring protein-rich legume meal to the market and followed up with a ready-made soup based on legume meal in 1886. In 1897, Julius Maggi founded the company Maggi GmbH in the German town of Singen where it is still based today. In 1947, following several changes in ownership and corporate structure, Maggi's holding company merged with the Nestle company to form Nestle-Alimentana S.A.

Today, Maggi is known throughout the world for its various products. In India, Maggi instant noodles are very popular. The company is advertising Maggi noodles with the USP as a 2 minute noodles since from 1982. The firm always keep on introduced new varieties of its noodles depending on the taste of the people with taglines like 'No MSG', 'Less Salt', and 'No Trans fat' to cater to the health conscious. Then company introduced a new feature of giving extra sachet containing dehydrated vegetables in the packets. Maggi is a big revenue generator for Nestle India which reported a net profit of Rs 1,185 crore on sales of Rs 9,800 crore in 2014 calendar year. Maggi contributes around 22-25 per cent to Nestle's topline and 30 per cent to the company's profitability.

Introduction to topic: Advertisements are becoming so inescapable day by day for all types of companies for their survival in the competitive market. It is really not possible to fly the plane of success without adding the fuel of advertising. Researchers like Zain-ul-Abideen and Saleem have also observed that advertising is a marketing promotional strategy to catch the people's attraction for specific action for product or service. Consumer purchase Behavior positively affects by emotional responses. People mostly prefer those brands to which they are having emotionally attached. Consequently, Jakstien et al. (2008) said that advertising has a vital role in modern age because it's a mechanism to build the Behaviors of society regarding products. With the help of ads people can enjoy information and make decisions regarding product. People emotional, psychological and Behavioral aspects play a crucial role during buying decision. Companies are spending lots of money and time to advertise their products in print media, broadcast media, on internet etc. e Marketer projected that the ad expenditure would amount to 6.75 billion US dollars in 2015 and 8.12 billion US dollars by 2018. The second one of the important tool for the market communication is Publicity. Publicity is giving an attention to somebody or creating awareness for a company, product and service among the masses via the media. The art critic John Berger stated that publicity is not merely an assembly of competing messages: it is a language in itself which is always being used to make the same general proposal. It creates the belief, trust and confidence in the minds of the customers for product and the company. Most of the companies always want to be in the news papers with some or other reasons for becoming active in the minds of the consumers. They sponsor/or held events for the social cause for achieving this purpose of promoting their product. But as far as negative publicity is concerned many reearchers has found that the negative information hurts. Greene (1978) found that when a rumor circulated about McDonald's that thay used worm meat in its hamburgers, sales decreased by more than 25%. Burrough (2006) stated that coverage of musician Michael Jackson's bizarre behavior and brushes with the law destroyed his career. Viacom Inc. Chairman Sumner Redstone estimated that negative publicity cost Mission Impossible 3 more than \$100 million in ticket sales and James (2006) stated that film pundits have suggested that it is "almost impossible to recover from bad buzz". Consequently researchers like Tybout et al. (1981), Wyatt and Badger (1984), Goldenberg et al. (2007), Reinstein and Snyder (2005) found that negative publicity about a product has been shown to hurt everything from product and brand evaluation to firm net present value and sales. Further Basuroy et al. (2003) stated that negative movie reviews, for example, decrease box office receipts.

Nestle has always positioned its products with the attributes of health and quality. It has adopted every tool of communication to communicate its message to the audience like advertising, public relations, sales promotion, interactive marketing etc resulted Maggi emerged as a brand and became market leader in the noodle segment with products MAGGI 2- Minute Noodles, MAGGI Masala Dumdaar Noodles, MAGGI Xtra-delicious Chicken Noodles and Vegetable Atta Noodles catering to different consumer segments. Oats Maggi is an extension in the MAGGI brand and it combines the benefits of Oats and tastes of instant noodles. Del Rio et al. (2001) explained that customers recognize the value of any brand with respect to its different functions like guarantee, social and personal identification and status symbol. These factors have positive effects on customer's brand loyalty and willingness to accept extension in brands. Brand association has a positive relation with buyer purchasing intentions. According to Ataman and Ulengin (2003), the strength of the relationship between the consumer and the brand will reflect the fit between the consumer's own physical and psychological needs and the brand's functional attributes and symbolic values as perceived by the consumer. which created Maggi as a brand in the minds of the people. The slogan, "Taste Bhi Health Bhi" is used by maggi in every campaign emphasizes on their product's balance between taste and health. The big idea of maggi is taking care of health while thinking about the taste. Maggi Nestle targeted mainly kids and office going mothers for Maggi and segmented their market on the basis of life style and eating habits of the Indian consumer. To create a strong connect with customers Nestle also hired the renowned celebrities like Madhuri dixit, Amitabh bachan, Preety zinta etc for its promotion of Maggi. Reynolds (2000) stated that celebrity endorsement adds a touch of glamour to brand but if it can aggrandize the merits of a brand, it can also exacerbate the image of a brand. This may be due to multiple brand endorsing or due to clash of his personal image and Behavior to the brand features and as per Ellis (2000), Celebrities, models and athletes often lead the way when determining basic guidelines for acceptable practices in society. The influence of these individuals, specifically celebrities, can be seen most often in younger generations. As young adults mature, they begin to develop a strong sense of independence. According to Katval (2007), marketers spend enormous amount of money annually on celebrity endorsement contracts based on the belief that celebrities are effective spokespeople for their products or brands. Bashir and Malik (2009) stated that celebrities used in ads have greater positive influence on people. Most of the times, people rely on advertisements rather than other sources like family, friends and reference group opinions regarding product<sup>[12]</sup> According to Pughazhendi et al. (2012), in emerging markets advertisers use dominant celebrities in ads to promote their product image. Single and multiple celebrity involvement in ads affect buying Behavior in different ways. This study shows that consumer Behavior and attitude regarding brand, ads and purchase decision are positively affects by multiple celebrities' ads but just in low involvement products and in more involvement products there is no major difference in single or multiple celebrity's ads. The advertisning campaign "Me and meri magi- 2 minute mein khushiyan" in which everyone's favourite maggi was endorsed by everyone's favourite Amitabh bachan in which people got to tell their maggi stories by this great personality on TV. Next, Nestle launched Maggi Oats noodles in India recently positioning it as a healthy breakfast option endorsed by Madhuri dixit. With this new offering, the company plans to participate in the high growth breakfast category and gain market share by broadening its offering in the instant foods category.

For increasing the impact of advertising, the Nestle is more focused towards what advertising strategy to frame, how to communicate the message in creative manner, which approach to use and what type of appeal to pitch. They always try to bring those elements in the ad which obtain the attention of the customer, develop the customer's interest in the product, create a desire for the product, establish the customer conviction for the product and last how to promote the action of the customer to purchase the product. There are some of the strategic approaches adopted by the Nestle for its product are:

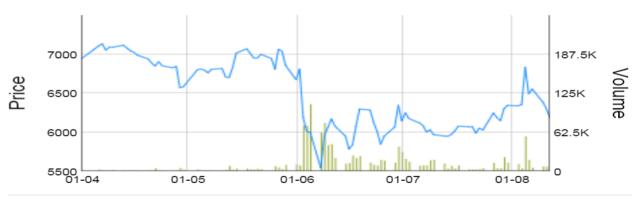
- Generic Approach: In its ads, Maggi always shows that it is the only one brand which claims to incorporate both taste and health factor in its products. Since, Indian people are so health conscious, so maggi always try to pitch this thing through its ads and also introduced more new products stating "Healthy food" like Atta and Oats noodles.
- USP (Unique Selling Proposition): Maggi's USP is "Fast to cook and Good to eat". Then, maggi started focussing on health with taste, so changing the USP to maintaining health while taking care of the taste also. Nestle also continuously innovate and renovate their product time to time and also it spend a huge amount of efforts for maintaining the same taste and nutrition of its product.
- **Brand Image**: Maggi has got the brand image of a noodle that can be made in 2 minute so this makes it a very good choice for the people who don't have time to make a meal. It is also famous among mothers because of its successful promotion of having taste and healthy also. Nestle is also following the strategy of brand extension ie using the same brand name for the no. of products and it comes with new products tome to time depending on changing choices of the customer.

- **Positioning:** Maggi has successfully positioned itself in the minds of the customers as a "Healthy and fast food, Good to eat". It is also on the top among its competitors like sunfeast, horlicks, top ramen etc. Earlier, maggi, was having 90 % market share in India.
- **Preemptive claim:** Maggi claims that its product is healthy and can be made in 2 minutes. This is the claim which only maggi does and has successfully made it the perception of the people that by eating Maggi, they are eating the healthy food.
- **Resonance:** Maggi is a word which resonates with the word noodle. In India, maggi word is used everywhere rather the word noodle. Everyone uses this word as a reference to noodle. That is why any other brand has a real hard time in establishing its product.

In all the ads, Maggi most of the time uses the **mass appeal.** In this appeal, it tries to take every age group in it. Now a days, it uses health appeal to compel every mother to use maggi for their kids meal. Nestle mostly focus to make its product's ads keeping in mind the taste and health of children. For sustaining its image in the market, nestle always invest time and money to know about the need, requirements and the expectations of the customers from the company.

**Current scenario:** The controversy around Maggi noodles for containing monosodium glutamate or MSG and extremely high levels of lead (17.2ppm) which is seven times the permissible limit (2.5 ppm) which is declared as unsafe for the health because it is a highly toxic material and its presence in blood in high levels may result in lead poisoning, which can lead to severe mental and physical impairment, especially in children. As per Dr Mukul Das of the Indian Institute of Toxicology said, "Lead is harmful, particularly for the children. It slows down development process and learning ability." This controversy led to a sharp correction in Nestle India shares as Maggi noodles contribution to Nestle's revenue was over 20% and nearly 30% to its bottom line.Nestle shares have fallen around 15% resulting in nearly Rs.10,000 crore fall in the company's market capitalisation. It came down drastically in the mid of June,2015 when this controversy arises. To improve all this and to maintain the same position in the market, it is in the news that Nestle's scientists are working very hard to find alternative snack to reposition the brand. Nestle also replaced all Maggi ads with the ads of its other product offerings mostly with Nescafe and kitkat to prevent its lose and to improve its share prices.

#### Nestle India Ltd. Share prices from April 1, 2015 to August 12, 2015 (Before & After Maggi Controversy)



Source <u>www.bseindia.com</u>

Nestle India had said in a statement that MSG, a taste enhancer, is not added in the product. Rather, "glutamate, if present, occurs naturally in some of the ingredients used" as we use hydrolysed groundnut protein, onion powder and wheat flour to make Maggi noodles sold in India which all contain glutamate. So, we believe that the authorities tests may have detected glutamate, which occurs naturally in many foods. "Every packet of Maggi noodles carries a tag that says, "No added MSG" and as far as the matter of high levels of lead in maggi, company stated that "We regularly monitor for lead as part of our stringent quality control processes, including testing by accredited laboratories. It also stated that it had submitted samples from almost 600 product batches to an "external laboratory" for an "independent analysis" but did not identify the lab. It also said it had conducted in-house tests on 1,000 samples at its accredited laboratory. "These samples represent around 125 million packets. All the results of these internal and external tests show that lead levels are well within the limits specified by food regulations and that Maggi noodles are safe to eat. We are sharing these results with the authorities. These tests have consistently shown lead levels in MAGGI Noodles to be within permissible limits." "The test conducted at Kolkata's National Food Laboratories proves the company's claims of not adding MSG is false," said a food inspector at Barabanki, Uttar Pradesh. Also the The Gorakhpur lab tested for monosodium

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glutamate (MSG) to check Nestle's claim that Maggi had none. Both tests found MSG. Based on the findings, UP FDA filed a complaint in a Barabanki court. After that Food Minister Ram Vilas Paswan directed the statutory regulator, Food Safety and Standards Authority of India (FSSAI), to conduct nationwide tests on Maggi. Maharashtra FDA had also sent 15 random samples from Mumbai, Pune, Thane, Nanded and Nashik for laboratory analysis following Uttar Pradesh's reports on presence of excess lead and monosodium glutamate (MSG), a flavour enhancer. States like Delhi, Gujarat, kerala, Punjab, J&K, Uttarakhand have banned Maggi for varying periods and many others have announced tests of Maggi noodles.

According to Food Safety and Standards Rules, 2011, MSG, a "flavour enhancer" should not be added to food for infants below 12 months. MSG is not permitted in over 50 items including "Pastas and noodles (only dried products)", but is allowed in the seasoning used for noodles and pastas. The companies are expected to to adopt the Good Manufacturing Practice (GMP) guidelines. FSSAI Chairman Yudhvir Singh Malik Under Food Safety and Standards (Contaminants, Toxins and Residues) Regulations, 2011, permissible levels of lead range from 0.2 parts per million in infant milk substitute and infant foods to 10 ppm in categories like baking powder, tea, dehydrated onions, dried herbs and spices flavourings. For instant noodles included in the "foods not specified category", the permitted level of lead is 2.5 ppm. Instant noodles like Maggi are identified under food category code 6.4.3, which includes "pre-cooked pastas and noodles and like products" that are "pre-gelatinised, heated and dried prior to sale". These categories of food are governed by Codex international standard 249, standards of food safety recognised by WHO. The masala used in these noodles is identified in code 12.2, which includes herbs, spices, masalas, seasonings, and condiments (eg., seasoning for instant noodles), where the use is "intended to enhance the aroma and taste of food".

As contrary, The US FDA says MSG is "generally recognized as safe" like salt, pepper, vinegar and baking powder. It stimulates the nervous system and just makes food appear tastier and nothing else. Glutamate is also present in many natural foods like tomato, mushroom, fungi and cheese. According to a Mayo Clinic note on allergies "In extreme cases, MSG may cause some reactions in the body but researchers have found no definitive evidence of a link between MSG and these symptoms,". As per Dr Uday Annapure of Institute of Chemical Technology, Mumbai " Even if a product is satisfying MSG limits and one is consuming it in large quantities or very frequently, it may be harmful". For Lead, as per the scientists, lead may come from the raw materials like water, flavouring material, packaging or the curling agent. Dr. Annapure stated that "Raw materials are not periodically evaluated in India; before FSSAI introduced new regulations in 2011, we were following the PFA Act of the 1950s. Regular checks of raw materials will help generate a database of possible toxic components for every ingredient, we will know where these are coming from. Such tests should be conducted at least every five years," Dr Annapure said.

Regarding the accountability of the celebrities who are the brand ambassadors of the "Maggi", as per the Consumer Affairs official Gurucharan, "brand ambassadors and retailers who sold Maggi with knowledge about their side effects would be **liable for action**, if FSSAI identified irregularities. India is a land of people well known for their love of stars. They always want to be like them to the extent of idolizing. The celebrities in India are the role models for many and results in following the trends of their dressing, styles, habits and preferences. Courts in Muzaffarpur and Barabanki on ordered FIRs against Madhuri Dixit, Amitabh Bachchan and Preity Zinta for endorsing Maggi. According to the Gurucharan, "They would be liable for action if the advertisements are found to be misleading. It becomes a misleading advertisement if it is found that the product does not have the attributes that the manufacturer professed and if the brand ambassador has promoted that product and said specifically that the product has those attributes, they are also certainly liable for action."

#### II. Analysis

A small survey on 500 people was conducted to see the effect of negative publicity of this controversy on the people. Out of 500 people, only 440 people responded. Survey was collected by framing the questionnaire and mailing to the people through emails, discussion with others face to face and through telephone, observation in the reactions of the people. For survey, population was categorized in four categories: mothers, fathers, teenagers, adults and kids. All population belongs to good and literate families who are the main target market for the Maggi. The age group for the kids was taken from (3-12 years), the teenagers from (13-19 years) and adults (20 years more). In adults, the population considered unmarried and married (without kid(s)). Those having kid(s) are taken under mothers and fathers category.

Table 1: Population Categorization of Maggi Consumers

Mothers	110
Fathers	88
Adults	120
Teenagers	65
Kids	57

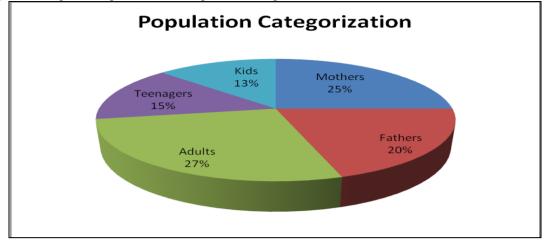


Figure 1: Graphical Representation of Population Categorization

Table 2: Preference of Maggi before and after controversy

Category	Total	Before Maggi	After Maggi
		controversy	controversy
Mothers	110	96	0
Fathers	88	77	9
Adults	120	108	5
Teenagers	65	61	11
Kids	57	50	20

Figure 2: Preference for Maggi 140 120 100 80 Total 60 Before Maggi controversy 40 After Maggi controversy 20 0 Adults Mothers Fathers Teenagers 4:05

Interpretation: From the above graph, it is evident that the preference for Maggi declined by many folds among all categories after this controversy. Among 110 mothers, before scam, 96 mothers prefer Maggi for themselves and for their families but after controversy, there is not even a single mother who wants to eat and let her family members to eat Maggi because of health risk linked with its consumption. Even they shared this thing that after controversy, they throw all the packets of Maggi which they purchased for consumption

Among total of 88 fathers, 77 fathers preferred to purchase and eat Maggi before as they considered it as a healthy and easy to make food but their perception is totally changed now because of too much negative publicity of Maggi and presence of MSG and lead in it. Among 77 fathers, 9 fathers still continued the liking of Maggi as they considered that media is just trying to fool us and want to degrade the image of the company.

Among total of 120 adults, 108 preferred Maggi earlier and only 5 adults were those who still have the liking after the controversy, these are having some sort of addiction for the Maggi. This adult category consists of mature people as compared to teenagers and kids. Their mindset are totally changed after this controversy as they are very well aware about the criticality of the issue and harmful effects of elements which are found in Maggi.

before this controversy.

Among 65 teenagers, study found that 61 were having the strong liking for this food as they considered it very easy to make and the tasty food ready in just 2 minutes. After this news of finding the lead and MSG in Maggi, most of the teenagers left the consumption of the Maggi.

Among 57 kids, 50 kids were very fond of having the Maggi. Some of the kids stated that they ate Maggi every day but after this incident, they don't prefer it eat and even on their demand, their parents are not giving them the Maggi. There is less declines in the preference of the kids for Maggi after controversy in the age group from 3-10 years as they having very less understanding and they are of very stubborn nature.

Moreover, the negative publicity floated by the media, messages on facebook, whatsapp and other social networking sites are degrading the value of the Maggi more and changing the perception of the people continuously like one joke floated on the watsapp "Due to Lead found in noodles and business impact on Maggi, The company will now diversify into making "MAGGI PENCILS", so that at least STUDENTS can now write their EXAMS in just "2 MINUTES" and many more. Some of the common messages which are floating in the social networking sites are:



#### III. Recommendations & Conclusion

Advertising and the positive publicity are very effective tools to promote the product and it helps in building the brand image of the company but the negative publicity hurts the sentiments and belief of the customer towards the company. his happens with Maggi. After the Maggi controversy of having MSG and high levels of lead, has declined its value and sales (nearly equal to zero) in the market as elements which were found in Maagi are declared dangerous for the health and health issue is considered very critical by all. The product is banned in many of the states. If Maggi want to regain its position back, it should gain the trust of the people back again by assuring them about removal of these elements or absence of these elements in the product by providing the healthy food with the same taste. In the crisis, communication is the best key to managing it. Keep the media, customers, your staff and suppliers informed. The company should admit that what went wrong and should communicate to the people that what is being done about it. It should also learn from the companies like Coca cola and Cadbury which faced the crisis by Pesticides contoversy and the worm controversy. Cadbury invested up to Rs 150 million to import new machinery and modified the packaging of Dairy Milk whch was more costlier by 10-15 per cent but it doesnot resulted into price hike by the company. The company also hired the most renowned Celebrity Amitabh Bachan as a brand ambassador to convey the company message to the masses and to regain the trust of people back on the comapny. In similar manner, Coca cola communicated to the public the exact reason for the presence of pestocides on the drink and also assurd them that this company is dedicated to offering healthy, refreshing products of the highest quality through the Great celebrity Aamir khan. No doubt, ads are an effective source of consumer communication but Publicity is considered as a double edged weapon. Maggi was succeeded in creating a brand value by various ads and marketing campaigns but the negative publicity of Maggi by the latest controversy spoiled everything.

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## Appendix A: Report pertaining to quality characteristics of Maggi Noodles by Referral Food Laboratories,

