

**Transnational Strategy at Nestle  
- A Focus on Nestle Malaysia**

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## TABLE OF CONTENTS

<u>Sr. No.</u>	<u>Chapter</u>	<u>Page</u>
1.	<b>Introduction</b>	1
1.1	The Birth of the Nestle Company	1
1.2	Nestle in Malaysia	1
1.3	Objectives	3
1.4	Major Sections	3
1.5	Scope of the Study	4
2.	<b>Transnational Strategy</b>	5
3.	<b>Methodology</b>	6
3.1	Analysis Tools - 2 Models	6
4.	<b>Analysis of the company</b>	7
4.1	Company Vision and Strategy	7
4.2	Organisation and Management	8
4.3	Investment - Incentives and Factors	9
5.	<b>Industry Analysis</b>	13
5.1	SWOT Analysis	13
5.2	Porter's Five Forces	16
5.3	Cost Rationalisation	28
6.	<b>Recommendations</b>	32
6.1	Introduction of Malt-Based Beverage	32
6.2	Implementation of Cost Rationalisation	33
6.3	Alliances	34
6.4	Product Rationalisation	34
7.	<b>Summary and Conclusion</b>	36
	<b>Bibliography</b>	
	<b>Appendix</b>	

## FIGURES / TABLES

<u>Sr. No.</u>	<u>Title</u>	<u>Between Pages</u>
2.1	Four Basic Strategies	5 - 6
5.1	Nestle Malaysia's Main Products, Competitors, and Market Leadership Position	13 - 14
5.2	Factory Manufacturing Expenses	29 - 30
6.1	Price Comparison - Malt Based Beverage	32 - 33
6.2	Selling Price Simulation for Malt Based Beverage	33 - 34

## **Executive Summary**

Nestle is one of the few multinational companies that adopts the transnational strategy to pursue its global competitiveness. In Nestle Malaysia, it is no different with great focus on product innovation and cost leadership a real challenge to the management.

With the advent of trade liberalisation upon the implementation of AFTA and WTO, it is inevitable that Nestle Malaysia should focus on its core competencies and build on its strengths as designated by the Asian Zone Management, that is to be a regional player of Milo and infant cereals.

In order to consolidate and build on its dominant market share of Milo, a new malt based beverage is recommended to achieve the said purpose. This is a highly viable endeavour in view of the few market players at the moment. The expertise from sister companies in Australia and Sri Lanka would be an added advantage to pursue this long overdue venture.

Further to that, a company-wide cost rationalisation is recommended to add value to the profit-making and dominant products whilst loss-making products after several years should be discontinued so as to build a healthy financial position. It is not so much a range of products that matters but the potential gains from each product category that Nestle endeavours. Building upstream alliance with fast-food chains would be a plus factor to gain market share against its competitors.