

## **Importance of Consumer Behavior – A Case Study of Maggi Noodle, Nestle India**

**Dr. Ennala Deepa**

Assistant Professor, KLH Business School,  
Koneru Lakshmaiah Education Foundation (Deemed to be University), Off Campus,  
Hyderabad, Telangana, India

**J. Saujanya**

Research Scholar, KLH Business School,  
Koneru Lakshmaiah Education Foundation (Deemed to be University), Off Campus,  
Hyderabad, Telangana, India

**Dr. Venkateswararao Podile,**

Professor, KL Business School,  
Koneru Lakshmaiah Education Foundation (Deemed to be University), Vaddeswaram, AP, India.

### **Abstract**

Consumer buyer behavior is considered to be an inseparable part of marketing and Kotler and Keller (2011) state that consumer buying behavior is the study of the ways of buying and disposing of goods, services, ideas or experiences by the individuals, groups and organizations in order to satisfy their needs and wants. In today's world, consumers' product and service preferences are constantly changing. Marketing managers must understand these desires in order to create a proper marketing mix for a well-defined market. Understanding the customer behavior is very essential to design marketing strategies which influences the customer buying behavior. This paper focuses on the various factors to consider in order understanding the customer behavior. The importance of having loyal customers and building the same is shown by taking Maggi as a case study. Based on the case study conclusion has been made of what are the points to be considered.

**Key Words:** Customer Connect, Customer Loyalty, Marketing Mix, Monopoly.

### **Objective**

Marketing is identifying the customer needs, wants and meeting them. But in today's marketing world Customer behavior plays an important role in defining the marketing strategies. Hence this paper talks in-depth about the importance of customer behavior analysis for running a successful business by taking case study of Maggi. Maggi has been in India for 38 years, and it has revolutionized the way people eat breakfast. From evening snacks at 5 p.m. to morning breakfast,

Maggi has replaced all types of breakfast from south to north, from Dosa to Paratha to Dhokla. The taste, as well as how simple and fast it could be made, played a role; in this article, we'll look at how the product survived after the ban based on customer.

## **Introduction**

It all began in May 2015, Food Safety Regulators from Barabanki, a district of Uttar Pradesh, India reported that samples of 'Maggi Two Minute Noodles' had unexpectedly high levels of monosodium glutamate, as well as up to seventeen times the permissible limit of lead. A repeat test at the Central Food Laboratory in Kolkata, a referral lab, was also conducted. The Gorakhpur lab tested for monosodium glutamate (MSG) to check Nestle's claim that Maggi had none. Both tests found MSG; in addition, the Kolkata lab found very high quantities of lead, 17.2 parts per million, according to Uttar Pradesh authorities. On 3rd June 2015, the New Delhi Government banned the sale of Maggi in New Delhi stores for 15 days due to these findings. On 4th June 2015, the Gujarat FDA banned the noodles for 30 days after 27 out of 39 samples were detected with objectionable levels of metallic lead, among other things. Assam had banned sale, distribution and storage of Maggi's "extra delicious chicken noodles" variety for 30 days since 4th June 2015 after tests carried out at the state public health laboratory concluded the particular variety to contain added MSG and excessively high lead content. Some of India's biggest retailers like Future Group which includes Big Bazaar, Easyday and Nilgiris also imposed a nationwide ban on Maggi. Thereafter multiple state authorities in India found an unacceptable amount of lead and it has been banned in more than 5 other states in India.

Present marketing strategies are built around the words customer connect, customer loyalty, changing trends, society responsibilities etc., customer behavior towards products and services are changing, this change is due to various reasons break of social barriers, awareness of other competitor products, no compromise and intolerance attitude, this era is of "new trends" marketers have to continuously cope up with the changes. Hence now customer's habits and attitude matter more. In the paper we will be discussing how impulse buyer has to be treated or strategy should be different, as reference of impulse buyers have been taken from the papers; 'Longitudinal analysis versus cross-sectional analysis in assessing the factors influencing shoppers impulse purchase behavior'. Also, information on Marketing strategies have been taken from 'Marketing Strategies of Micro Finance Institutions in India'.

## **Methodology**

In the present paper will be focusing on customer behavior which plays the crucial role in designing marketing strategies. We will understand the factors that influence the customer behavior. In-depth analysis of the same will be done by taking into consideration of live example. With the help of

the example, we can understand customer behavior on introduction of the product and customer behavior of different level of product cycle.

## **Literature Review**

Maggi was new product for the Indian market, new product or we can say an alien product to be accepted in traditional Indian market is a task, in the paper Success of New Product Launch by New Process Flow, Deepa, talks about the importance of the same.

Customer perception of the product plays a major role in consumer buying behavior, the paper Digital Marketing A Catalyst In Creating Brand Image Through Customer, Ennala Deepa , talks about how perception creates customer and then there loyalty.

Impact of service environment for effective customer behavior in Retail Industry with reference to Heritage super market, Mr. L Komagan and Dr. Kiran Kumar Thoti Turkish Journal of Computer And Mathematics Education, retail business has boomed post FDI in India, hence marketing and de-marketing products In retail business plays a major role.

Brand Loyalty, plays a Vital role and how it works for Brand loyal customers is a task, reference of brand loyalty has been taken from the Factors Determining the Role of Brand in Purchase Decision Of Sportswear, Kunal Gaurav

As per the article “The return of Maggi: A Case Study” by Syed Kazim and Ajai Thomas Abraham, talks about the history of the product Maggi, post exposure of lead content, the decline of sales, competition of the product. The information was very much relevant to build the article introduction.

Article “the relationship between customer loyalty and customer satisfaction”, John T Bowen, and Shiang-Lin Chen, talks about how customer loyalty is linked with satisfaction and measurement if customer loyalty

A Customer Loyalty Model For E-Service Context, Hsin-Hui Lin and Pin Luarn This research is a response to the call for customer loyalty research in the e-service context. Utilizing the proposed loyalty model as a theoretical framework, the direct and indirect influences of customer satisfaction, trust, perceived value, and attitudinal commitment on behavioral (purchase) loyalty were observed. The contributions of this study to customer loyalty research are twofold. First, it has successfully applied the traditional conceptualization of customer loyalty in a new e-service context that is different from the marketplace examined in prior studies. Second, customer satisfaction, trust, perceived value, and attitudinal commitment were found to be important determinants of purchase loyalty. It was also suggested in this study that commitment plays a

crucial intervening role in the relationship of customer satisfaction and perceived value to loyalty. The findings of this study have implications for e-service managers to develop their customer loyalty. Considering the millions of dollars that have been invested in e-services worldwide, it is of paramount importance to ensure that customers will have repeat Web purchase behaviors and show loyalty to a specific e-service brand

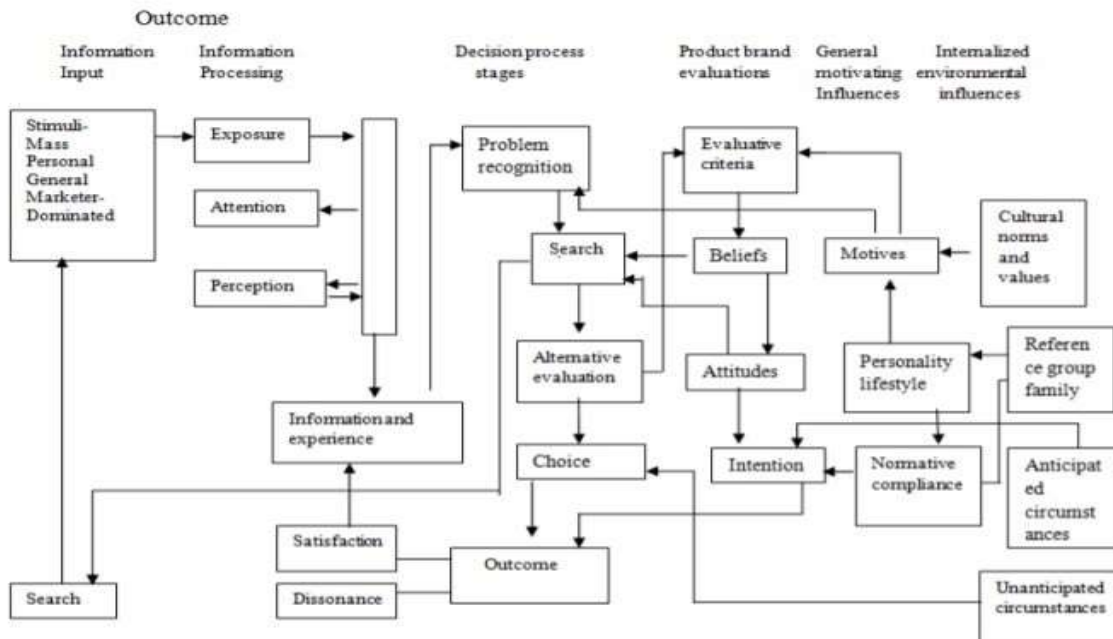
A study on Maggi ban and simultaneously launch of Patanjali Atta noodle, Ayushi Jain - TMIMT International Journal "Special Issue- 2016", ISSN 2348-988X, this paper talks about how customers are considering the product which is good for the health. Nestle India Ltd.'s Maggi-2-minute noodles row has led to a sort of chaos in the whole country. Parents, children, workers, investors, suppliers, etc. just do not know how to deal with the situation. This is the India's worst food scare in a decade after that of presence of pesticides in soft drinks. The scare over Maggi instant noodles, India's one of the most popular snacks, has gripped increasingly various sections of the society. So, the research is imperative to assess that upto what extent this Maggi row has impacted India so that future plans for remedy can be prepared accordingly

Customer Preference For Selecting The Dairy Products In Covid-19, Circumstances with references to Andhra Pradesh, Dr. Orguganti Surya Soma Sankar, Dr. Kiran Kumar Thoti, information of the paper can be taken to understand the customer preference and due to milk adulterity going on , the paper information can be used for demarketing such product for social benefits.

Impact of service environment for effective customer behavior in Retail Industry with reference to Heritage super market, Mr. L Komagan and Dr. Kiran Kumar Thoti Turkish Journal of Computer And Mathematics Education, retail business has boomed post FDI in India, hence marketing and de-marketing products In retail business plays a major role.

Mr. Rahul .M.Mhabde , Mrs. Rajeshri Son2 Analytical study on Consumer behavior towards "Maggi Instant noodle" in Mumbai –A post ban, Vol-3 Issue-1 2017 IJARIII- ISSN(O)-2395-4396, data has been studied the article survey shows, of the 50 respondent majority of respondent preferred to eat noodle i.e. 74% of the total population. Following the graphical representation of the same. majority of population buy Maggi instant noodle over any other brand which shoes the popularity of Maggi in the market. following is the graphical representation of the same, it is observed that majority of respondent are not aware about presence of unhealthy lead and the same number of respondents i.e.. 36% are not sure about the same, it has been observed that majority of population still buy Maggi which conclude that respondent decision making is not much affected due to ban. comparative analysis shows that frequency to consume has reduced after its relaunch. Before ban majority population were consummating Maggi thrice a week. i.e. 30% of the total population were of this category however data shows that it has gone down to 4% after its relaunch. It means ban has affected consumption frequency of Maggi. it shows that Maggi is still choice of the consumer as maximum consumer consumed Maggi after it is back in market. majority of population are under the belief said that Maggi test is same as before. they believe t at ban has not change the test and confidence of consumer

## Analysis

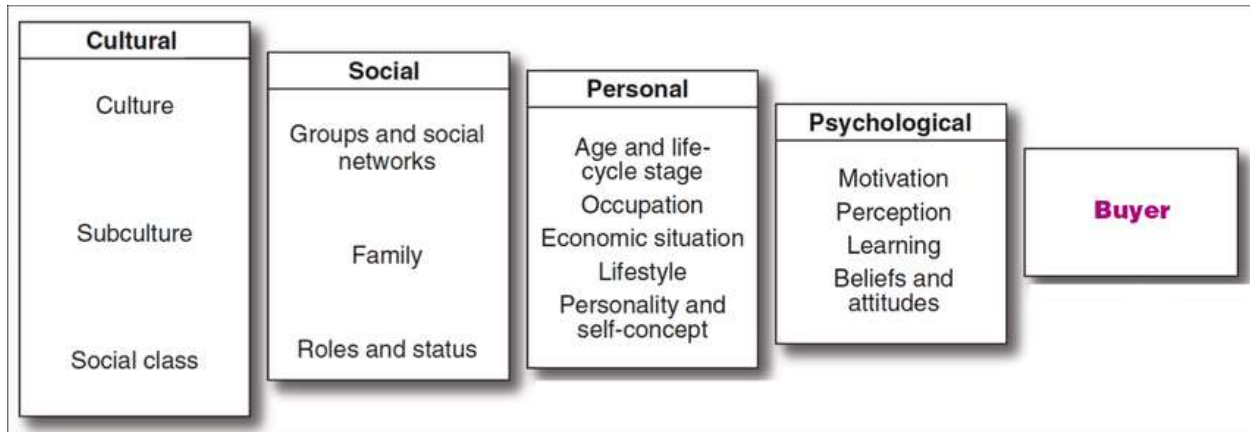


Reference: Engel-Kollat-Blackwell Model

The reference of Engel-Kollat-Blackwell Model, can be taken to understand the perception and attention the customer is exposed to which plays a vital role in the customer buying behaviour. Which is very relevant to the case we are studying.

Firstly, let's understand what factors influence the behavior of the customer. Culture factors exert a broad and deep influence. Culture is the most basic cause of person's wants and behavior. A person's likes, dislikes, wants, desires etc., are built on his/her family. Next the social class Upper, Middle, Working and Lower class. Social class is not determined by a single factor, such as income, but is measured as combination of occupation, income, education, wealth and other variables. Social Factors, word of mouth influence, the impact of the personal words and recommendations of trusted friends, associates and other consumers on buying behavior. Marketers of brands subjected to strong influence must figure out how to reach opinion leaders. Personal factors age, occupation, Economic situation, Lifestyle etc., a person buying choice can

be further influenced by Psychological factors motivation, perception, learning and beliefs and attitudes.



Customer behavior enables companies to take appropriate marketing decision on Marketing Mix the 6P's Product, Price, Promotion, Packing, Positioning and Place of Distribution.

Maggi instant noodles. Maggi 2minutes an instant food product, was introduced in 1982. Maggi noodle's is the leading brand of instant noodles in India enjoying market share of 79.3%. In this product the marketers have created a want. In that time the Indian customers were very conservative and did not expose themselves to any changes. Hence to get there product accepted as a major challenge. The main marketing point was "instant noodles" this is first kind of food category introduced in India. Based on its USP the working women were targeted but the approach failed. To understand the cause of the failure Maggi conducted a study which revealed that the Maggi taste was liked by children. Hence the targeted customers were children through mothers.

Maggi was a Monopoly and later had competitors but to create the brand it followed the STPD analysis. Segmentation: Maggi brand have segmented the market on the basis of lifestyle and habits of Urban Families. Target: they targeted the kids, office going, and working woman. Positioning: Maggi has positioned itself in the SNACKS category since Indians did not consider noodles as proper food the Maggi have developed itself in instant food product with positioning statements such as "2 minutes noodles" and "Easy to cook" " good to eat". POD: post of differentiations, the brand differentiated they brand from its competitors in terms of taste flavors and packing.

By introducing product like Maggi the need was created not identified. Smart companies like Maggi try to understand the customer behavior decision process. "The Buyer Decision Process"



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Let's understand the customer behavior. When evaluating the potential alternatives, consumer used two types of information the first is the list of brands from which they plan to make their selection and the second criteria from which they plan to make their decision. Beliefs and attitude are acquired by experience and learning, Maggi has always provided its consumers with something new time to time which has developed a good belief has helped them to choose them from their alternatives. Customer behavior depends on experience with the product, if performance falls short of expectation the consumer is disappointed and if it meets the expectation of the consumer is satisfied.

Following is the purchase based on age category:

	1990	1995	2000	2005	2010	2015
Children 2-9yrs	169999	181521	187940	189211	184457	184376
Teenagers 10-14yrs	89781	100560	109302	114583	117137	114226
Teenagers 13-19yrs	120293	127645	142432	153781	160728	162495
Studying Age 18-22	80812	85918	92074	103179	110642	115126
Young Adult 15-29	230839	249149	270576	294103	319267	336193
Middle Age 30-59	243295	277343	316065	358164	398405	440655
Baby Boomers 40-59	134212	151646	174986	202754	232801	261349
Pensioners 60+	57029	65643	75712	86585	99728	117168

### Findings

By understanding the Maggi noodle, we can say they have following strengths:

- ✓ Family based advertising, high advertising share
- ✓ Emotional relationship with the consumer
- ✓ A strong distribution channel

The main point to focus on “Emotional relationship with the consumer” Customers are so used to the product that it is identified by the following:

- ✓ Yellow Packing
- ✓ Tasty Snack
- ✓ Sunday Breakfast
- ✓ Fun in having

They created a Family Brand by providing taste and preference of consumers, they closely watched consumers preferences they introduced Chicken Maggi, wheat flour Maggi. They exceeded the expectation.

July 2015 Maggi was banned By (FSSAI) Food Safety and Standards Authority of India calling it unsafe and hazardous for consumption. On June 8 post 3days after the ban the Maggi share price went down to 5,539.8 lowest during that year

<b>Consumption Before Ban</b>							
Age	Everyday	Thrice a week	Twice a week	Once a week	Once a month	Never	Total
15-25	1	5	8	6	4	1	25
25-35	0	4	5	4	4	0	17
35-45	0	2	2	3	1	0	8
<b>Total</b>	<b>1</b>	<b>11</b>	<b>15</b>	<b>13</b>	<b>9</b>	<b>1</b>	<b>50</b>

<b>Consumption After Ban</b>						
Age	Everyday	Twice a week	Once a week	Once a month	Never	Total
15-25	1	2	5	14	3	25
25-35	0	1	3	10	3	17
35-45	1	1	3	1	2	8
<b>Total</b>	<b>2</b>	<b>4</b>	<b>11</b>	<b>25</b>	<b>8</b>	<b>50</b>

Maggi has maintained trust and confidence even after post ban period. A product's success/failure is the evaluation of consumer response to a particular marketing strategy. It also indicates if the organization has been successful in fulfilling their wants and needs and their impact on the society. To sum up all the arguments stated above, it is clear that better understanding the consumer buying behavior through studying and identifying their needs leads to huge long-term benefits to the businesses.

## **Conclusion**

The points to be considered by marketers while designing the marketing strategies are the psychology of how customer thinks and feels the brand product. What are his /her thought process, behavior while purchase of the product in the market. Customer knowledge on the product. Product importance for the consumer or ranking. How consumers are influenced by their environment, culture, media. Limitations in consumer knowledge or information processing abilities influence decisions and marketing outcome.



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