

## **Nestle Controversy in India**

Nestle is one of the biggest brand in domestic as well as in global markets. Its Maggi is one of the most sought breakfast amongst Indian as well as global customers. Nestle's Maggi had captured around 60 percent share in instant noodles market in India.

In recent past, Nestle's Maggi ended up with a controversy in India. It was reported by a drug inspector that MSG (monosodium glutamate) was found in the Maggi samples collected by him during one of his routine raids the retail outlet. The packaging mentioned "no MSG". The food inspector picked up that sample of Maggi and sent it to the laboratory for testing. The results revealed that the samples of Maggi sent for lab testing had MSG. The samples were then sent to Central Food Laboratory in Kolkata and the result of Central Food Laboratory read: "MSG present and Lead: 17.2 ppm (parts per million)". The amount of lead found was over 1000 times more than what Nestle India had claimed.

UP government had sent the notice to Nestle for which Nestle responded with internal monitoring documents but did not took any pro-active step to counter probable aftershocks. Nestle also did not react when one of the Hindi newspaper in Uttar Pradesh reported a small news-item on this episode. Nestle did not estimated that this news could lend Nestle in half-a-billion loss to the company with strong negative impact on its brand name.

Nestle even failed to understand the depth of the crisis, even after national reporters starting writing in their newspaper. Nestle only issued a statement that there is no need to recall the Maggi from the market and it is safe to eat. However, FSSAI asked Nestle to recall the Maggi Noodles. CEO of Nestle said that they do not add MSG to Maggi and they apply same quality standards worldwide. But by then, situation has gone out of control for Nestle. CEO of Nestle was left with no choice but to recall Maggi noodles from the market. This resulted in huge loss for Nestle India in its history.

### ***Questions:***

1. What went wrong? Where do you feel, Nestle was not able to apprehend the depth of the situation?
2. In terms of market research, do you feel that Nestle was over-confident for their noodles future? Justify your answer.
3. State where Nestle failed in terms of market research.

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