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Nestle Milo

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Abstract

This article reflects on the marketing ethics of Nestle's Milo. Included are discussions of the economic dimension; legal dimension; ethical dimension; and philanthropic dimensions of the marketing of Nestlé's Milo drink in Australia.

Keywords: Social responsibility; marketing ethics; student poster :

Photo courtesy of Media Unit, University of Wollongong.
Some art on this poster is sourced from the Milo Homepage http://www.milo.com.au/ Reproduction of the artworks included in the student posters is used in accordance with the Criticism and Review aspects of Fair Dealing (section 41 of the Copyright Act 1968).

By responding to consumers' changing needs, producing safe, high quality and nutritious products and communicating responsibly, clearly and ethically, we improve consumer wellbeing and our sales (Nestlé Oceania, 2008, p15).

Economic Dimension

The contemporary view of business practise is that in addition to making a profit, businesses should address social problems even if there is unlikely to be a profitable return (Moir, 2001).

- For the 2008 financial year Nestlé announced a 3.4% growth as they strengthened their position as a health and wellness company (Palmer, 2008) in response to concerns of a youth obesity epidemic.

- Success in developed markets is increasingly driven by Nestlé's capacity to innovate and respond to the marketing environment with new added-value products and services.

- MILO B-Smart has been specifically formulated for mental development, focus and concentration in children with the addition of iodine and has positioned itself as a Heart Foundation Tick product through a reduction in sugar content.

- Nestlé announced sales for 2008 rose 2.2% as innovation and renovation of their food brands stimulated growth (Palmer, 2009).

- The MILO brand was a main driver of organic growth.

- This was the result of
    - Its alignment with Nestlé's nutrition, health and wellness strategy through reformulation to reduce sugar content.
    - Its position in the market as a popularly positioned product, targeted towards lower-income consumers.

Legal Dimension

- As a minimum, Nestlé complies with all national legislation and are committed to abide by all self regulatory codes and the requirements of all adjudication of those codes (Nestlé Australia, 2009).

- Nestlé is very conscious of its role in communicating responsibly to consumers, particularly as it influences following a healthy diet and lifestyle and acknowledges a consumer's right to be informed and for safety.

- The Nestlé brand name is an assurance to the customer that the product is safe to consume, that it complies with all regulations and meets the highest standard of quality (Nestlé, 2009).

- Nestlé Australia aims to build business value through producing better products, which are differentiation from competition and uses quality rather than price as a competitive advantage.

- In 2005, Nestlé introduced the first global nutritional labelling system called the Nestlé Nutritional Compass, an on-pack information panel providing consumers with relevant, easy to understand nutrition information.

- Nestlé aim to ensure 100% of their product range carries the Nutritional Compass and the Percentage Daily Intake labelling by the conclusion of 2009.

Ethical Dimension

Food marketing to children can affect children's food preferences, purchase requests and consumption and is a probable causal factor in obesity (Jones & Reid, 2008).

- Nestlé MILO uses brightly coloured packaging, sporting hero tie-ins such as Adam Gilchrist and Michael Clarke and competitions to engage with the younger audience.

- Children have a large influence on the purchasing power of adults therefore marketing to children is economically advantageous as it capture a larger target market.

- Nestlé state that it is important to achieve commercial outcomes through marketing, while at the same time promoting the desired health outcomes (Nestlé Oceania, 2008).

- In order to demonstrate their commitment for responsible marketing and communication practices, Nestlé Australia has joined the initiative of the Australian Food and Grocery Council.
- Nestlé Australia has publicly committed
    - "…not advertise food and beverage products to children under 6 years" (Nestlé Australia, 2009, p1).
    - "…advertising to children between the ages of 5 and 12 is restricted to products with a nutritional profile which help children achieve a healthy balanced diet, including clear limits to product size and ingredients" (Nestlé Oceania, 2008, p20).

- Since the beginning of 2009 Nestlé Australia has therefore pitched MILO advertisement campaigns to the parents of children, associating MILO products with patriotism, 'mother's love' and historic significance as an Australia icon.

- Rather than marketing **to** the children, it is **for** the children.

- In response to the obesity epidemic Nestlé has tried to position itself to be seen as part of the solution rather than a cause by downplaying claims that food doesn't matter and increasing advertisement that includes physical activity (Schor & Ford, 2007).

- However, children are being persuaded to eat particular foods not only based on their tastiness or 'nutritional' benefits but because of their place in a social matrix of meaning (Schor & Ford, 2007).

- This can be seen through the introduction of MILO into primary schools as a product approved by the NSW Schools Canteen Association, Healthy Kids Program.

Philanthropic

Nestlé have developed Creating Shared Value, an approach to corporate social responsibility which addresses compliance, sustainability and shared value (Nestlé, 2009).

- **Compliance** – with all applicable laws, business principles, codes of conduct and internal regulations which often go beyond legal requirements.

- **Sustainability** – development which meets the needs of the present without compromising the ability of future generations to meet their own needs.

- **Shared values** – to create shared values for shareholders and society in manner that is integrally linked to our core business strategies and operations.

- In 2008 the Nestlé Life Program, a group of community initiatives covering a wide range of activities in areas of sport, health, education and environment contributed $4 million to community projects.

- Through the MILO brand, Nestlé has partnered with Cricket Australia for over 16 years to develop MILOin2CRICKET, a junior cricket development program, which provides children with the opportunity for physical activity and promotes the development of cricket skills, social skills, and sportsmanship.

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