



NESPRESSO®



CHRISTINE JANOSA, YANICK ROSSIER, CAROLE RENTSCH

Sources

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Casanova, M. (2009). *Corporate Brand Management I*. Lecture Script.

Tintignac, E. (2007). Nespresso's customer profile and behavior, Geneva.

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Conversation with:
Patrick Hasenboehler, Equity Analyst, Bank Sarasin & Co. Ltd.

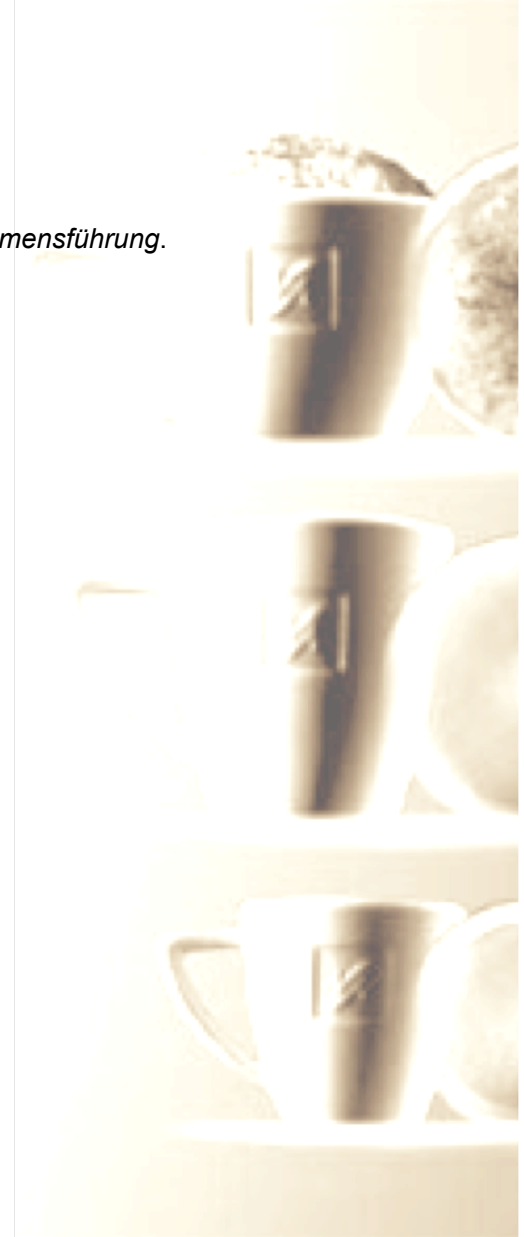
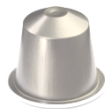
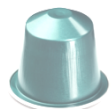
URL: <http://bazonline.ch/wirtschaft/unternehmen-und-konjunktur/Generika-fuer-Nespresso/story/30936688>

URL: <http://english.capital.gr/news.asp?id=921572>

URL: <http://www.nestle.com/Resource.axd?Id=585806D1-BC1B-404B-A03F-F7A68A68F436>

URL: <http://www.nespresso.com>

URL: <http://www.interbrand.com>



AGENDA

1. Introduction

Why Nespresso?

2. Facts & Figures

Vision and Ambition

Business Strategy

Positioning of Nespresso

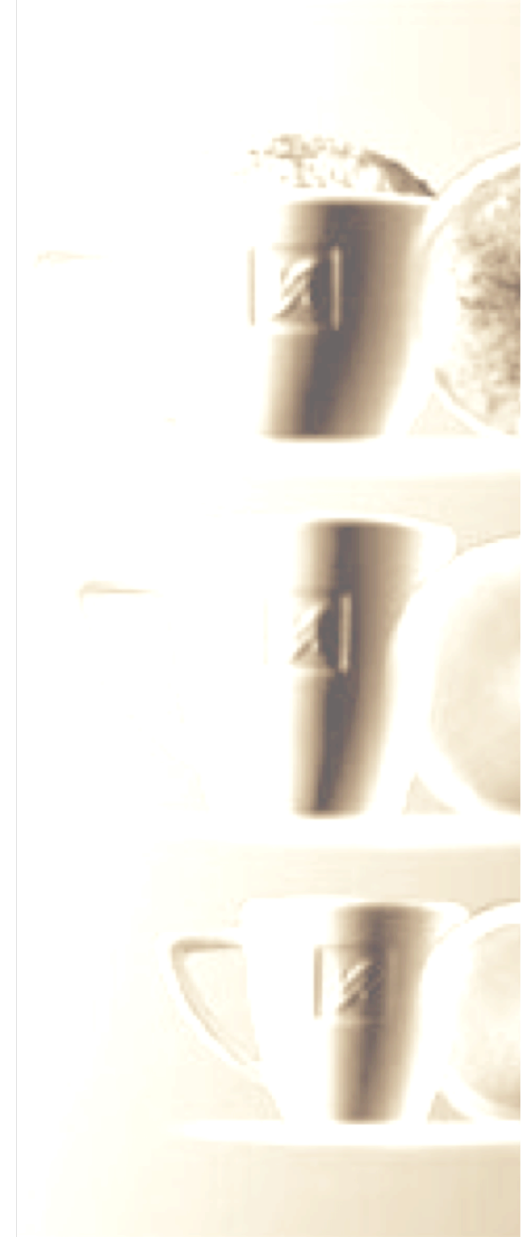
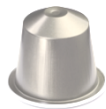
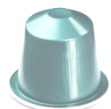
3. Integration- and Reputation-Guided Management

Impression Management

Integrated Communication

4. Challenges and Recommendations for the Future

5. Summing Up

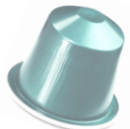


WHY NESPRESSO ?

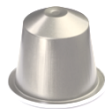
 Nespresso is part of the Nestlé Group

2009 Rank	2008 Rank	Brand	Country of Origin	Sector	2009 Brand Value (\$m)	Change in Brand Value	
1	1		United States	Beverages	68.734	3%	+
2	2		United States	Computer Services	60.211	2%	+
3	3		United States	Computer Software	56.647	-4%	+
4	4		United States	Diversified	47.777	-10%	+
5	5		Finland	Consumer Electronics	34.864	-3%	+
58	63		Switzerland	Food	6.319	13%	+

Source: Interbrand



Introduction



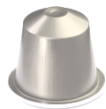
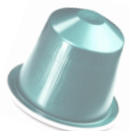
WHY NESPRESSO ?

■ Nespresso is an innovative company with a strong brand

The 2009 rankings at a glance

Place	Brand	Brand value in CHF million
1	Nescafé	16,303
2	UBS	7,560
3	Nestlé	6,973
4	Credit Suisse	6,816
5	Zurich	6,708
6	Rolex	6,281
7	Swisscom	4,760
8	Omega	2,917
9	Davidoff	1,873
10	Lindt	1,860
16	Nespresso	955

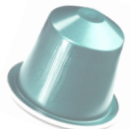
Source: Interbrand



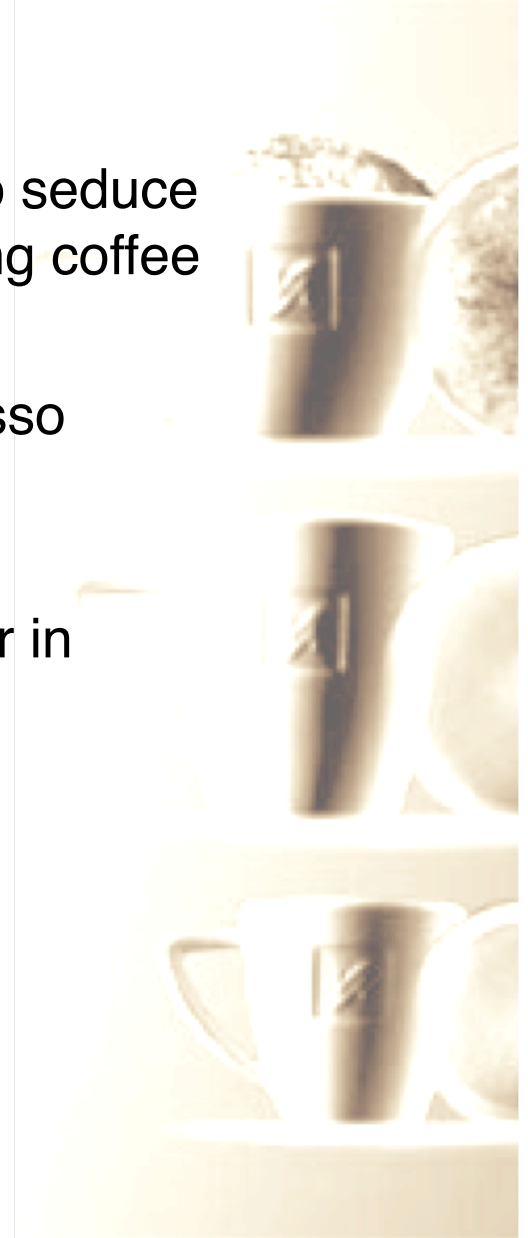
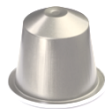
Introduction

WHY NESPRESSO ?

- Nespresso has a relevant and interesting strategy to seduce it's customers towards a revolutionary way of drinking coffee
- We as part of the customer group using the Nespresso system
- Nespresso is a worldwide pioneer and market leader in premium portioned coffee
- Best Practice



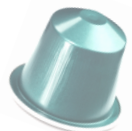
Introduction



WHY NESPRESSO ?



Source: Nestlé, Annual Report 2009



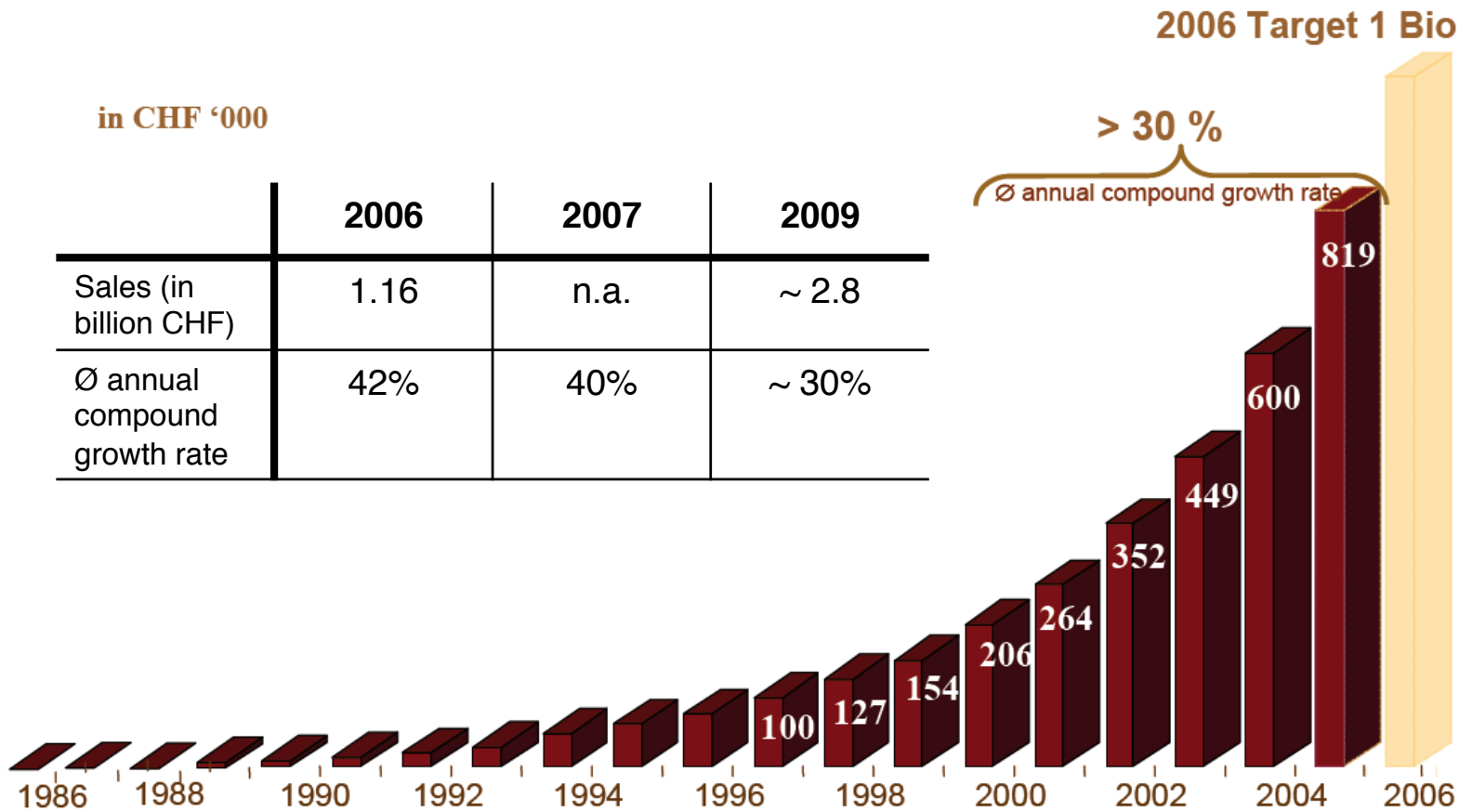
Introduction



WHY NESPRESSO ?

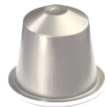
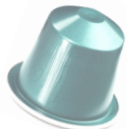
in CHF '000

	2006	2007	2009
Sales (in billion CHF)	1.16	n.a.	~ 2.8
Ø annual compound growth rate	42%	40%	~ 30%



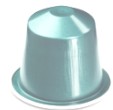
Source: Nestlé Nespresso SA Presentation, Investor Group Meeting, December 2006

Introduction

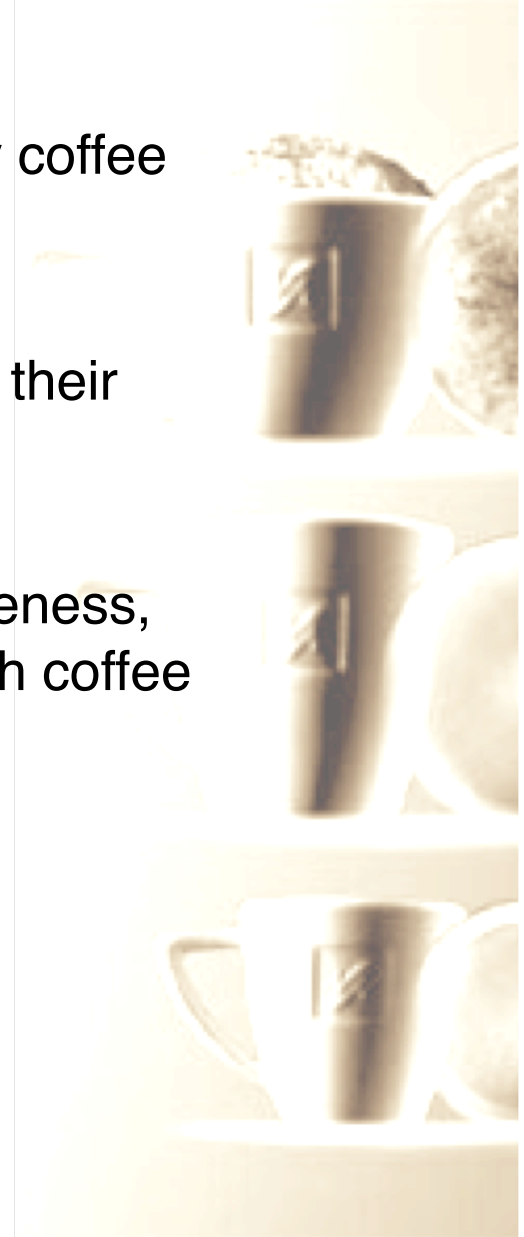
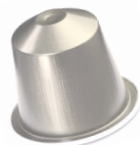


VISION AND AMBITION

- To be preferred and respected as the leading quality coffee company for portioned coffee.
- Committed to delivering the highest quality coffee to their club member and business consumers
- Redefine the world of coffee and create global awareness, attractiveness and acceptance of the portioned, fresh coffee concept.
- Establish Nespresso as the Super-Premium brand

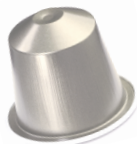
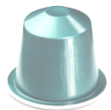
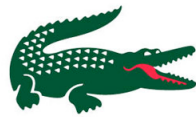


Facts & Figures

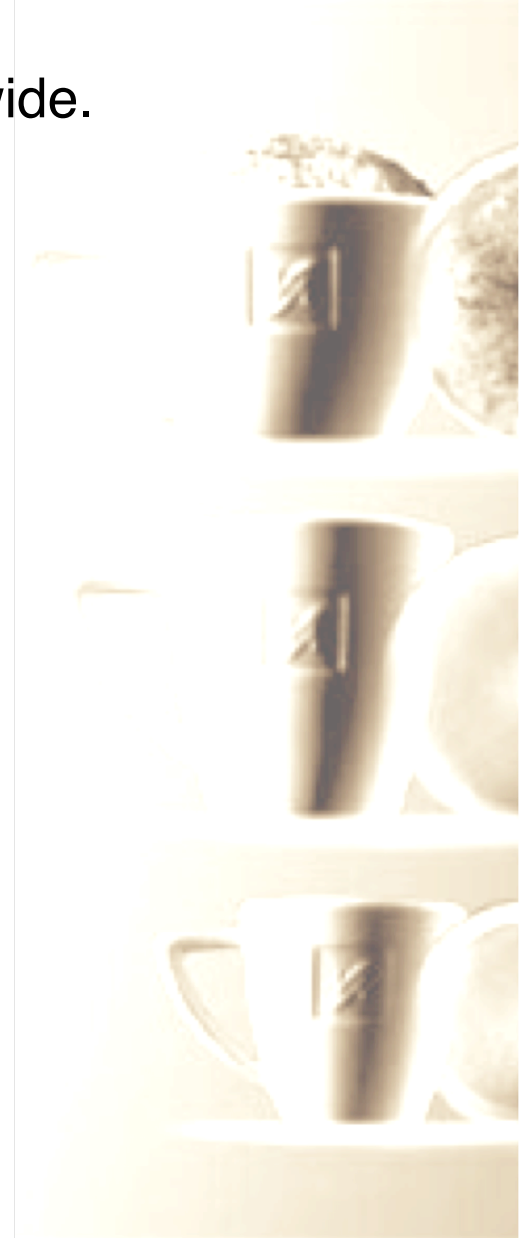


VISION AND AMBITION

- Become the Icon for perfect portioned coffee worldwide.



Facts & Figures



BUSINESS STRATEGY

THE CLUB

THE MACHINE



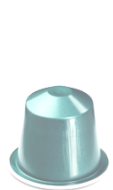
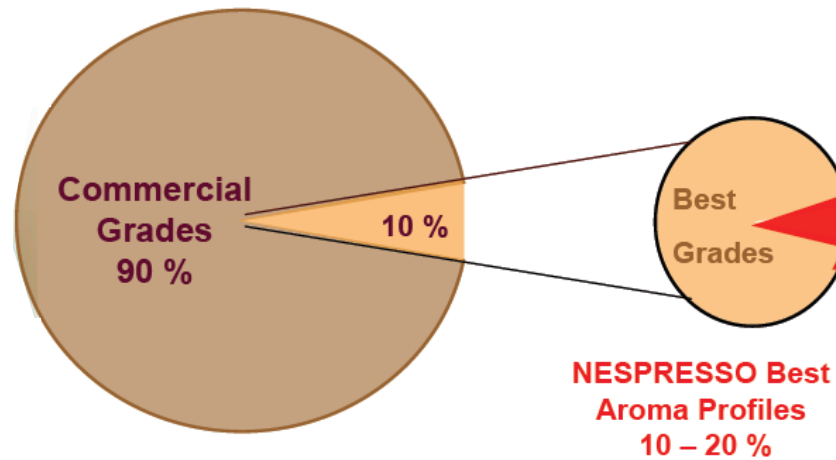
THE COFFEE

BUSINESS STRATEGY

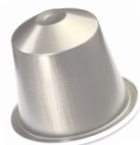


Coffee

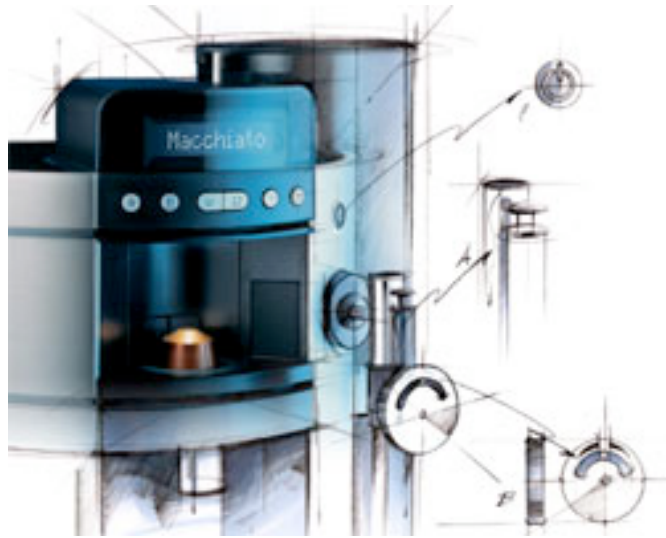
Best Beans
Blending, Roasting & Grinding
Grand Crus Varieties
Limited Edition
AAA Quality



Facts & Figures



BUSINESS STRATEGY



Machine

Innovation
Design
Awards



reddot design award



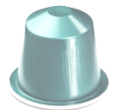
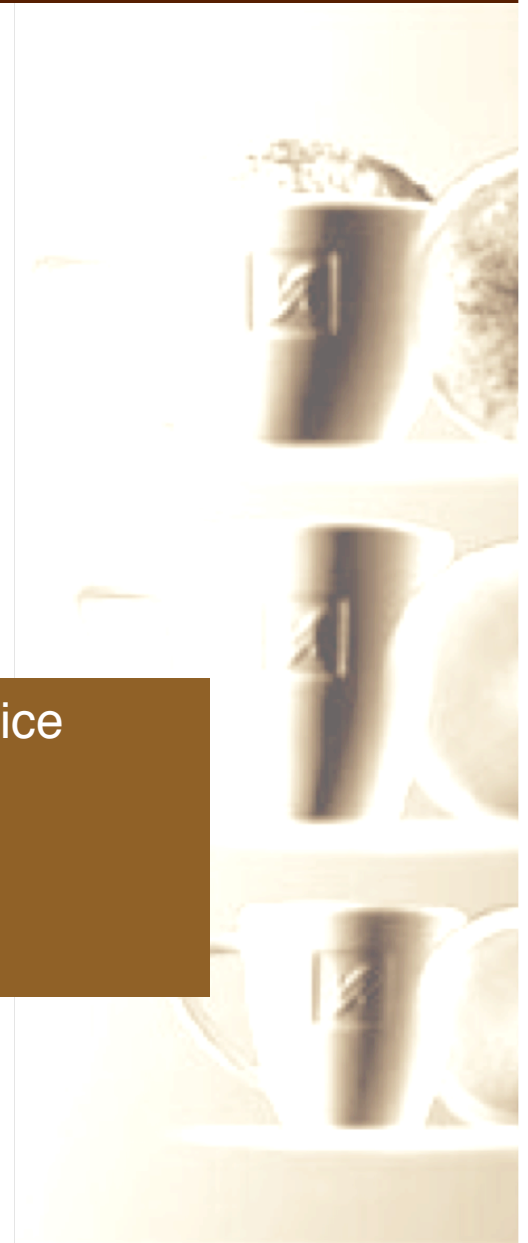
Facts & Figures

BUSINESS STRATEGY

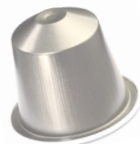


Service

The Club
Boutiques



Facts & Figures



BUSINESS STRATEGY

**MAINTAIN /
INCREASE**

Coffee

Best Beans
Blending, Roasting & Grinding
Grand Crus Varieties
Limited Edition
AAA Quality



Machine

Innovation
Design
Awards

Service

The Club
Boutiques

INCREASE

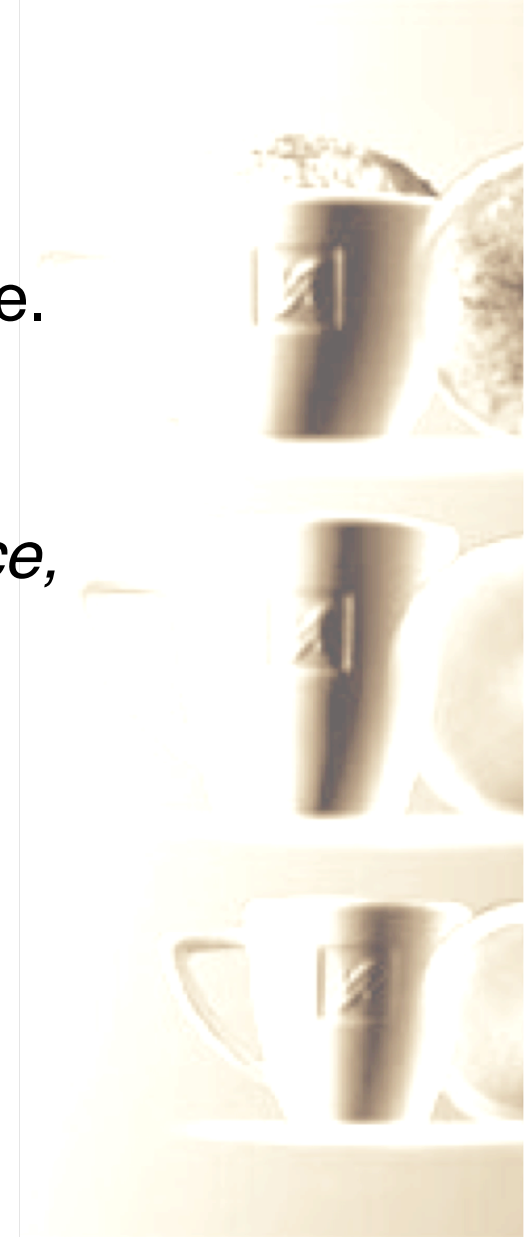
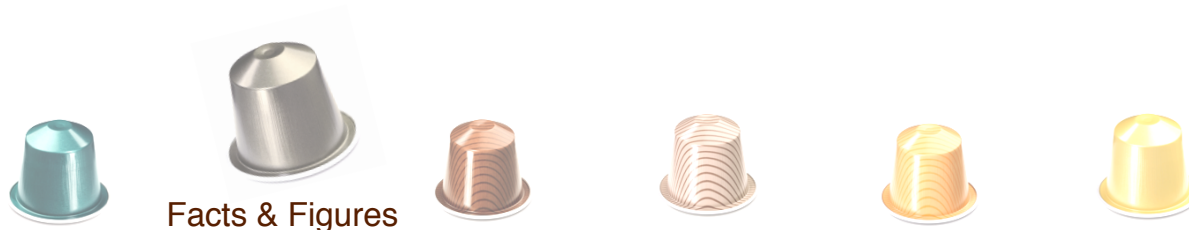
MAINTAIN



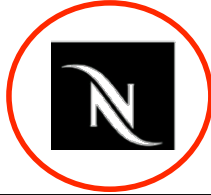
POSITIONING OF NESPRESSO

- Nespresso is not just normal coffee.
It is another dimension in the world of coffee.

“Nespresso is the Ultimate Coffee Experience, that combines perfection and pleasure, simplicity and aestheticism.” Gerhard Berssenbrügge, CEO 2006



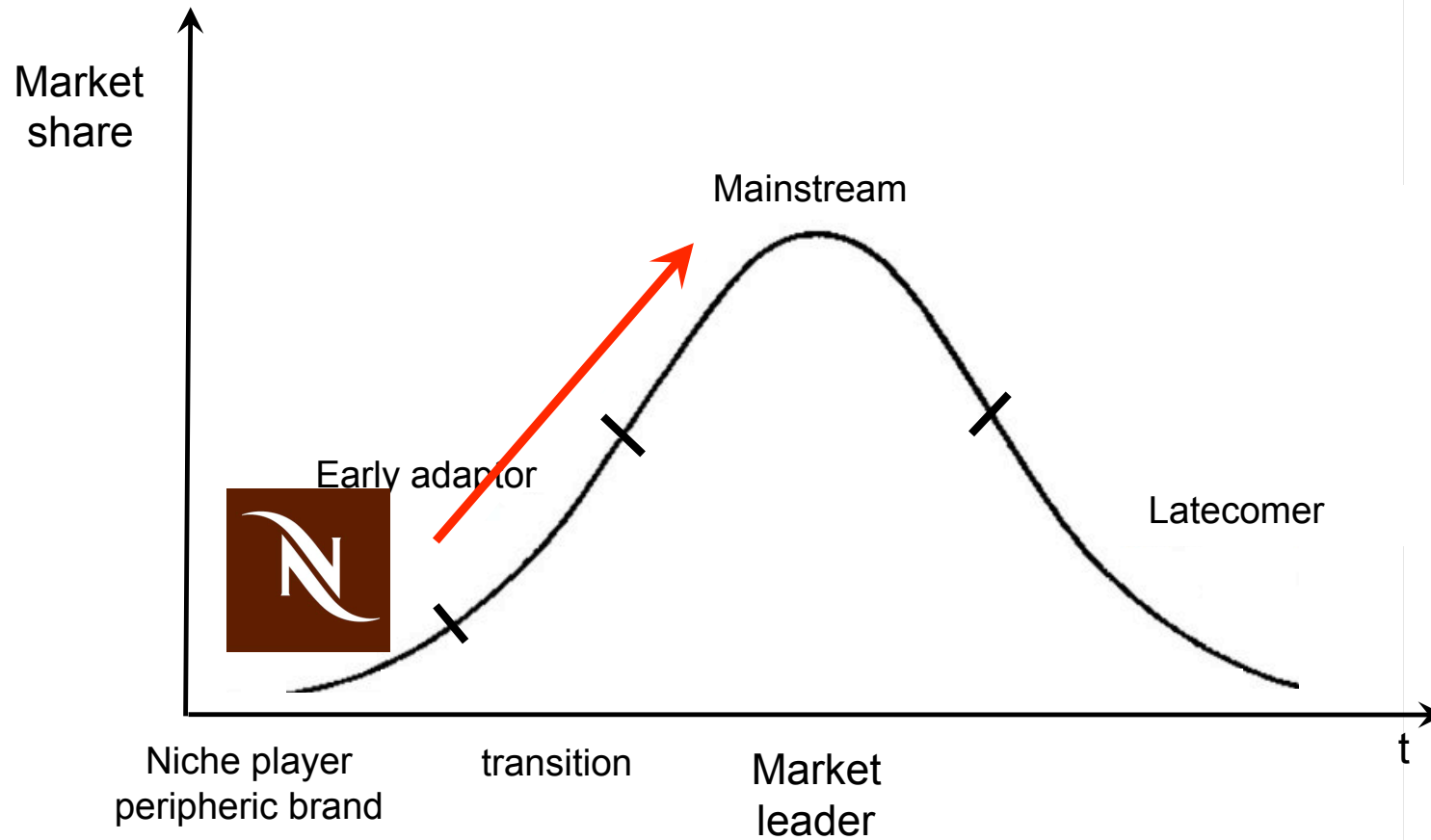
POSITIONING OF NESPRESSO

High	New Product Lines		New-to-World Products
Newness to company	Product Improvement	Addition to Existing Product Lines	
	Cost Reductions	Repositioning of Existing Products	
Low			
	Low	Newness to Market	High

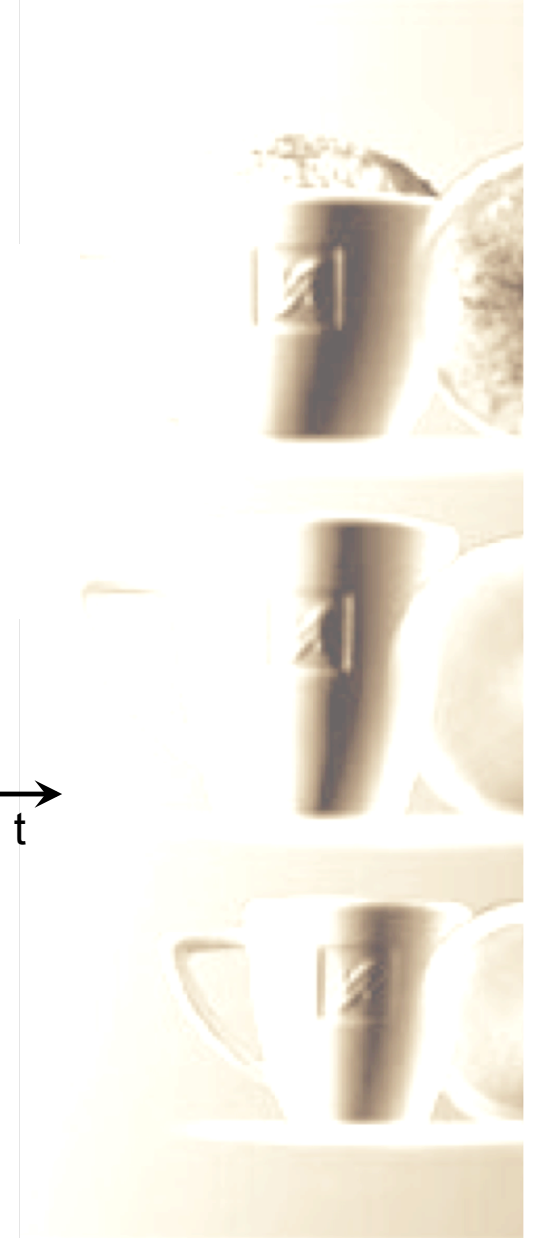
Source: Homburg, C. and Krohmer, H. (2009). *Marketingmanagement, Strategie – Instrumente – Umsetzung – Unternehmensführung*. 3. überarbeitete Auflage, Gabler Verlag, Wiesbaden.



POSITIONING OF NESPRESSO



Source: Casanova, M. (2009). *Corporate Brand Management I*. Lecture Script.

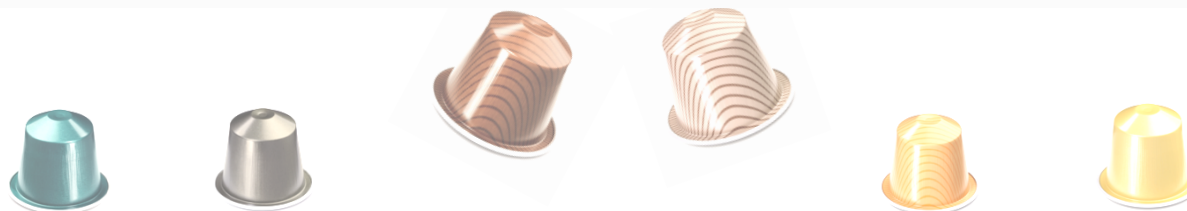


INTEGRATION- A. REPUTATION-GUIDED MANAGEMENT

Level	Contents	Tasks
Corporate Mission	<ul style="list-style-type: none"> Who are we? What is our aspiration and purpose? What is our business, now & in the future? What do we offer? 	<ul style="list-style-type: none"> Identity Vision & Mission statement Business strategy Customer needs orientation
Brand Mission	<ul style="list-style-type: none"> How are we perceived? How do we want to be perceived? How is our behaviour perceived at the various touchpoints? 	<ul style="list-style-type: none"> Reputation measurement & analysis Brand Personality: the Brand essence Gap analysis (stakeholder specific)
Impression Management	<ul style="list-style-type: none"> How do we reach the perception we envisage to achieve? 	<ul style="list-style-type: none"> Brand architecture (scenarios) Evolution of the brand personality (attributes & core values) Emerging into a brand & reputation guided company
Corporate Identity	<ul style="list-style-type: none"> Corporate design Corporate communication Corporate behaviour 	<ul style="list-style-type: none"> Creating a fitting visual style (look & feel) Defining stakeholder specific messages Developing consistent guidelines
Integrated Communication	<ul style="list-style-type: none"> Communication concept Question of coherence: "Who communicates with whom and how, here, about what and why?" 	<ul style="list-style-type: none"> Segmenting target groups Centralisation vs. decentralisation Communication & marketing Using of tools

From the strategy

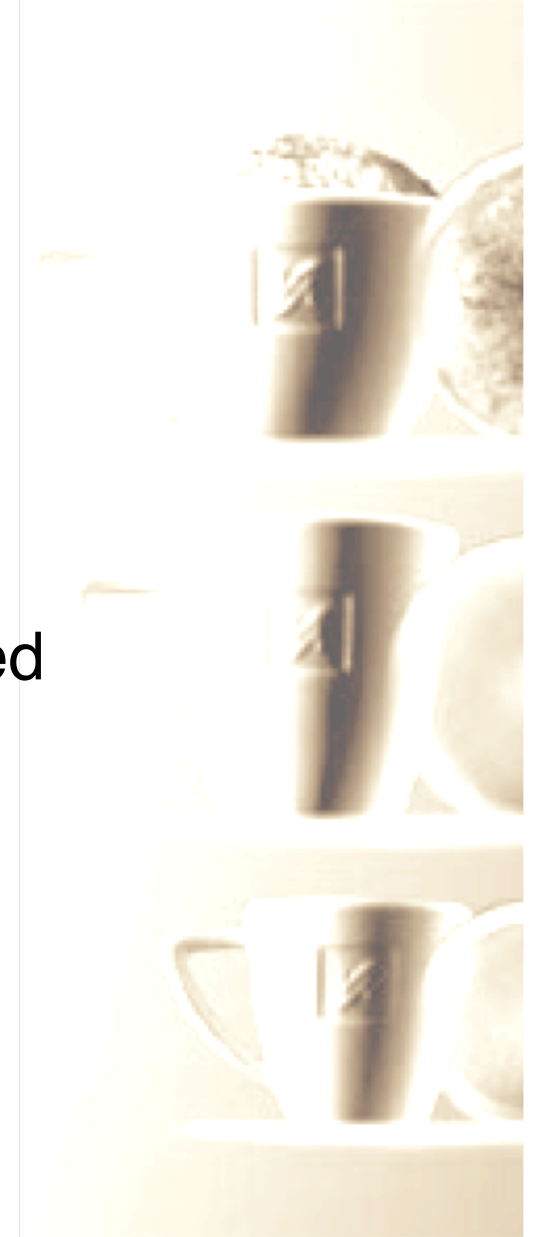
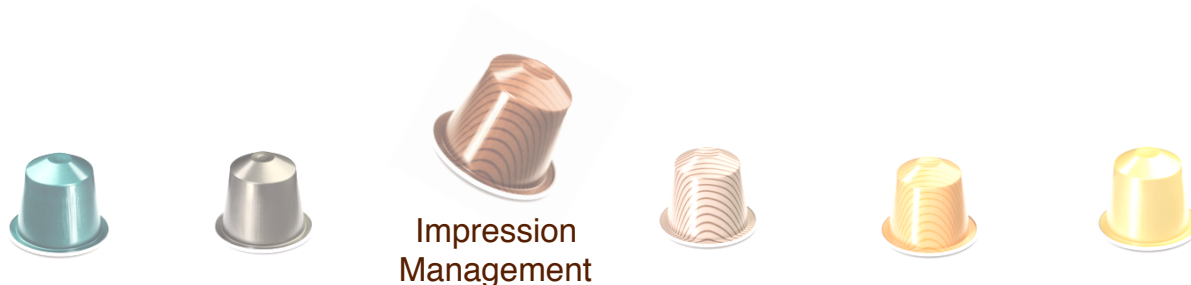
to the realisation



IMPRESSION MANAGEMENT

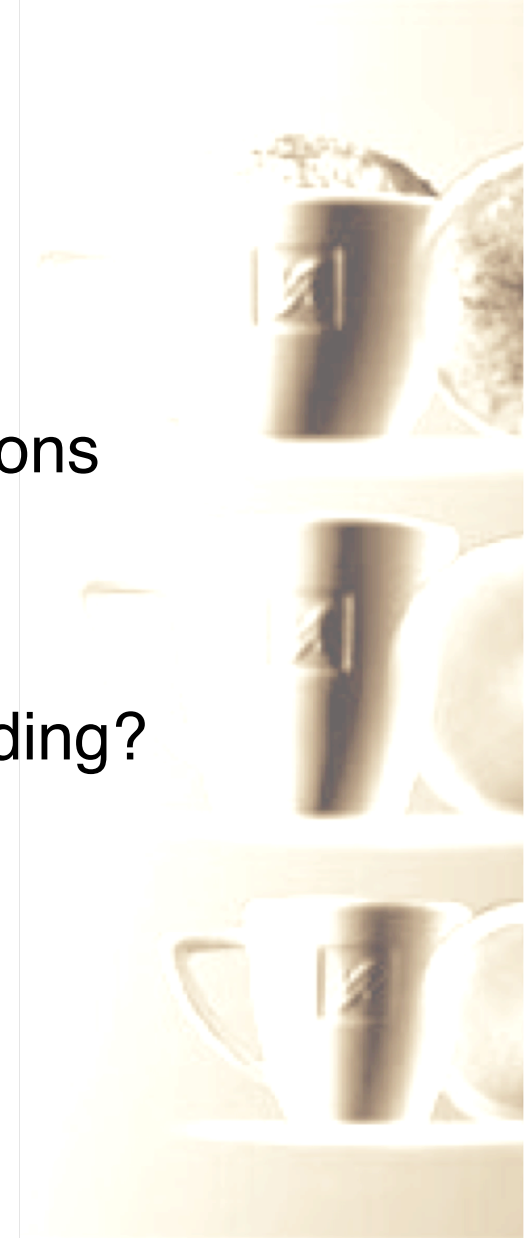
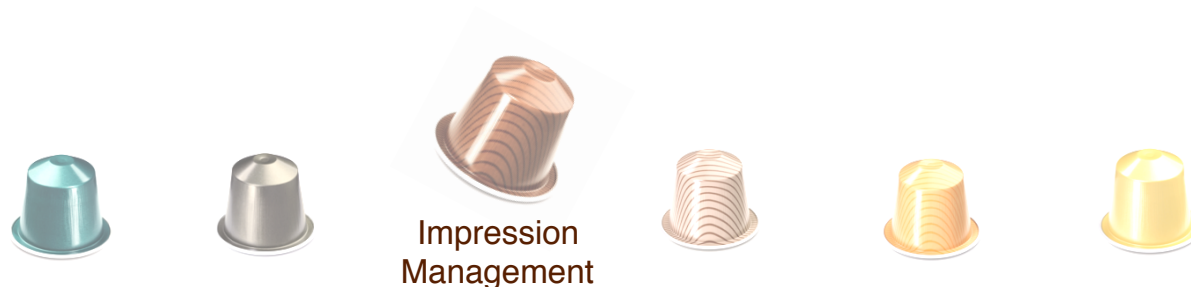
How does Nespresso reach the perception it envisage to achieve?

- Brand architecture
- Evolvement of the brand personality
- Emerging into a brand and reputation guided company



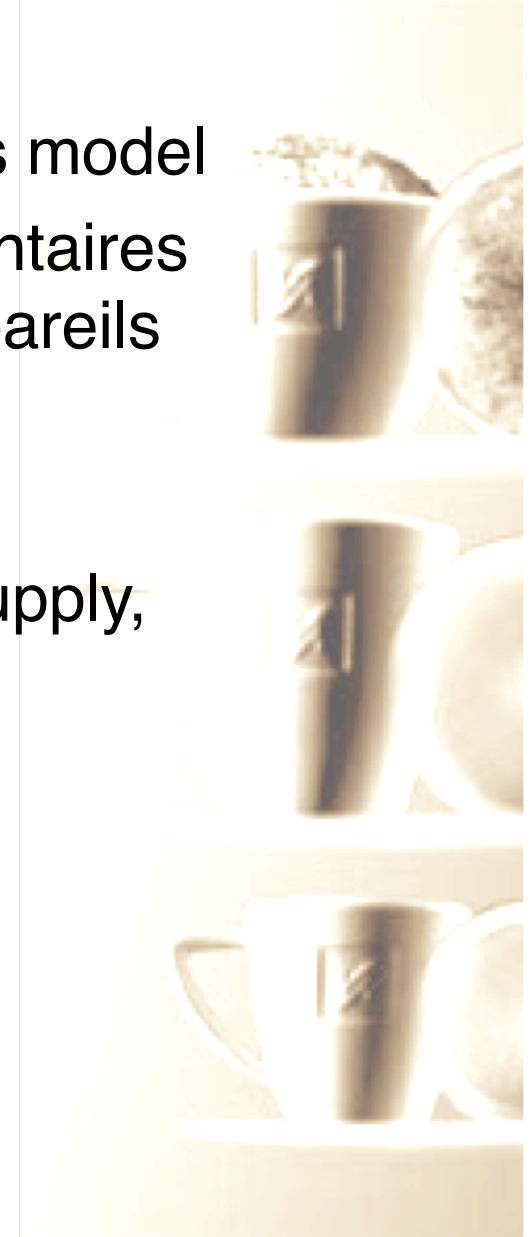
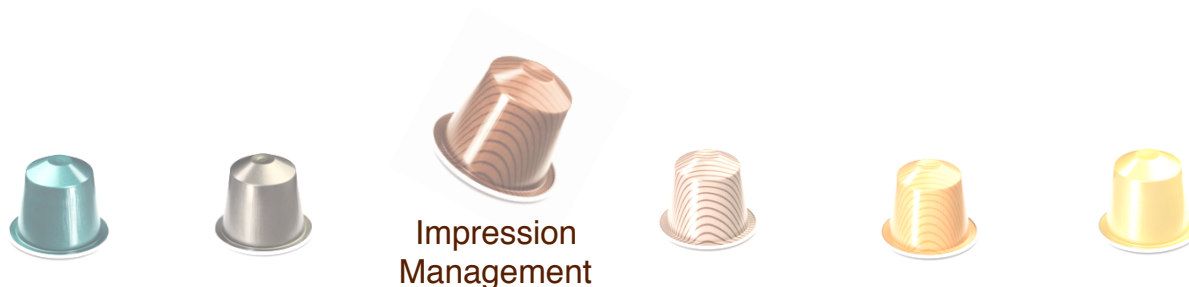
BRAND ARCHITECTURE

- Depends on the point of view
- One firm
- NESPRESSO in the center of communications
- Nespresso logo as the central character
- But: Where is Nestlé with its separate branding?



NESPRESSO AND NESTLÉ

- Independent corporation with own business model
- Aim: „fabrication et vente de produits alimentaires et diététiques, notamment de café, et d'appareils permettant la distribution de tels produits.“
- Independent research and development, supply, production and sales

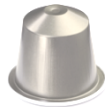
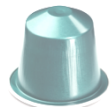


NESPRESSO AND NESTLÉ

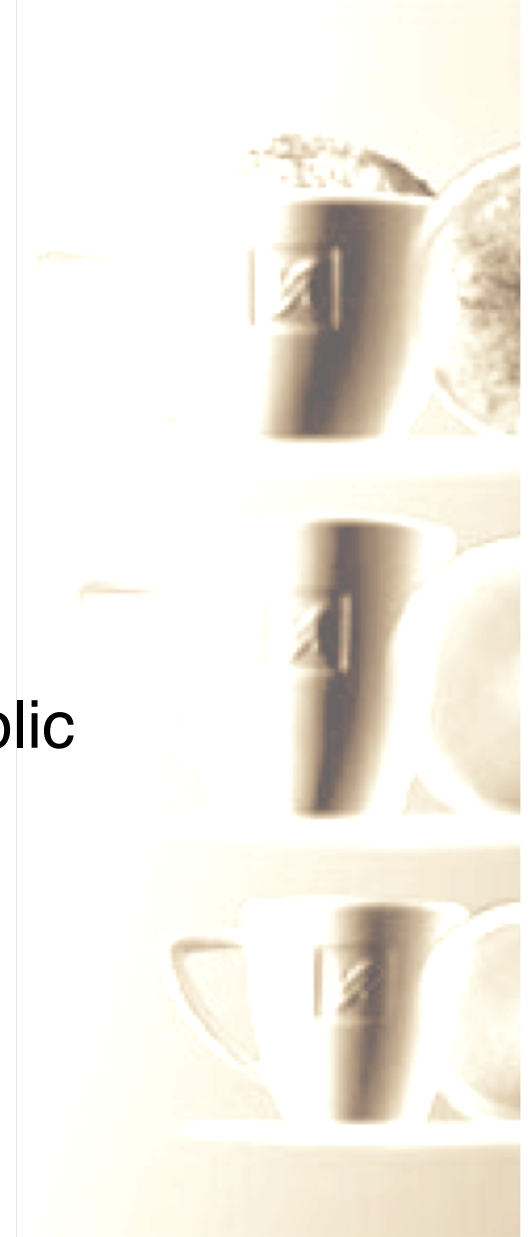
- Name: Nestlé NESPRESSO SA
- Part of the Nestlé Group

Utilization of synergies:

- Financial support (capital expenditure)
- General research and development
- Specialist support in terms of tax, legal, public affairs etc.

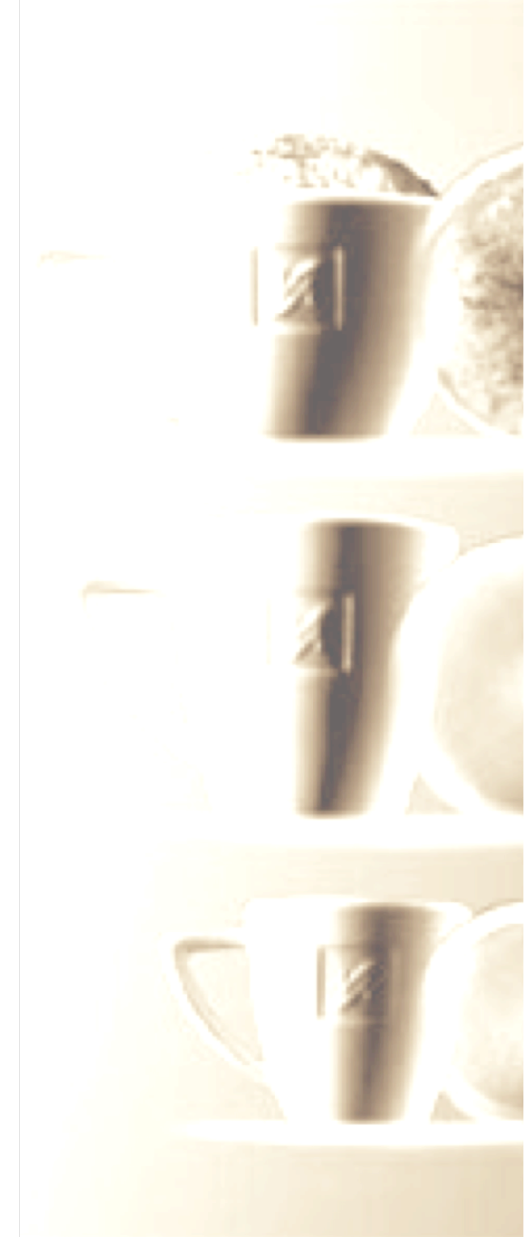
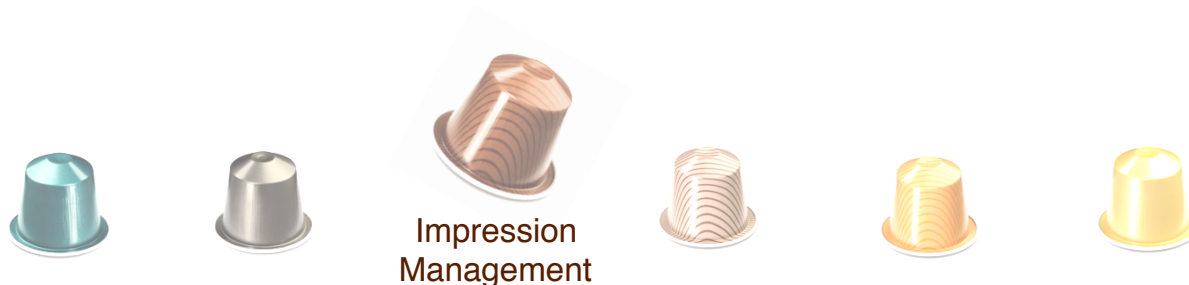


Impression
Management



BRAND ARCHITECTURE

- ☞ Depends on the point of view
- ☞ NESPRESSO as one firm OR
- ☞ Nestlé with separate branding whereas NESPRESSO is endorsed



BRAND PERSONALITY: CORE VALUE AND ATTRIBUTES

6. **Brand:** Symbolic value of the brand Nespresso

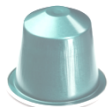
5. **Value Added Services:** Nespresso Club

4. **Basic Services:** Customer Service (e.g. Hotline)

3. **Design of Tangible Environment:**
Event purchasing, direct marketing chanel

2. **Additional Features:** Variations of
capsules and machine types

1. **Product Core:** The
Nespresso System



Impression
Management



BRAND PERSONALITY CREATES EMOTION

6. Brand: Sharing a lifestyle

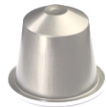
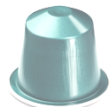
5. Value Added Services: Being part of the community

4. Basic Services: Feeling important

3. Design of Tangible Environment:
Buying from Nespresso as an experience

2. Additional Features: Variety

1. Product Core:
Quality products



Impression
Management



BRAND AND REPUTATION GUIDED COMPANY

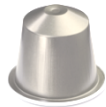
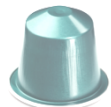
“Nespresso is...

- An experience
- A category of one
- Exclusive
- About reputation
- About target
- About reference

Nespresso is not...

- Just a very good coffee
- # 1 in the category
- Excluding
- About awareness
- About mass market
- Just a preference”

Gerhard Berssenbrügge, CEO 2006



WORDING ON www.nespresso.com

Nespresso is an experience

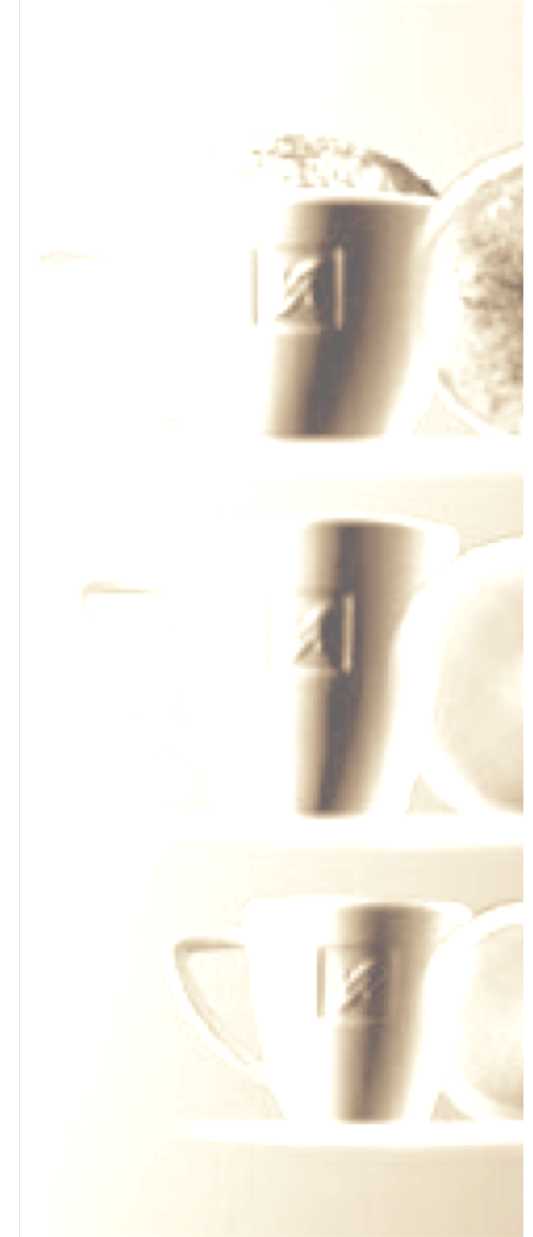
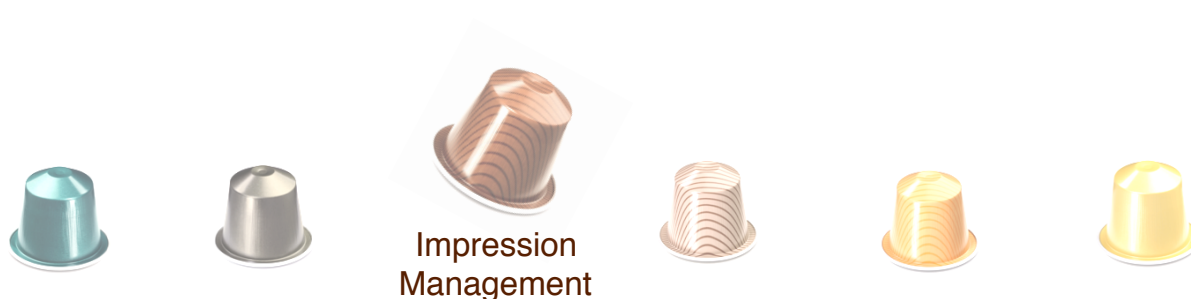
(NOT just a very good coffee):

- Discover, hidden, secret, power, benefit, gourmet lifestyle, unforgettable ...

Nespresso is a category of one

(NOT # 1 in the category):

- The art of espresso, perfect, delicious, extraordinary, world's top, invent ...



WORDING ON www.nespresso.com

Nespresso is exclusive

(NOT excluding):

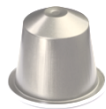
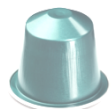
■ Unique, premium, special, subscribe, share ...

Nespresso is about reputation

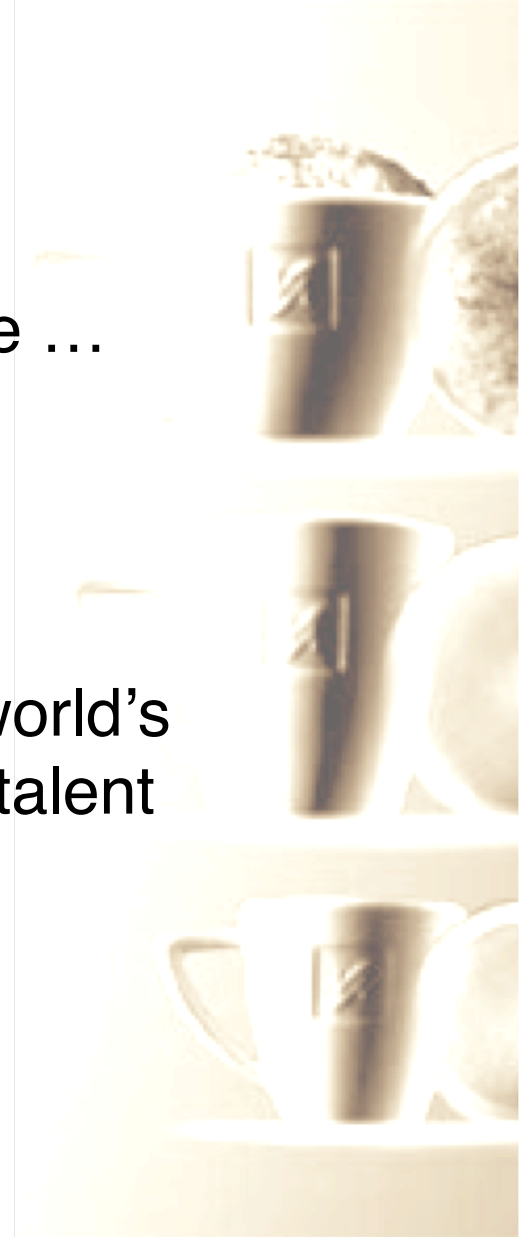
(NOT about awareness):

■ Quality, trust, luxury, control, utmost skill, world's finest, sophisticated, image of excellence, talent

...



Impression
Management



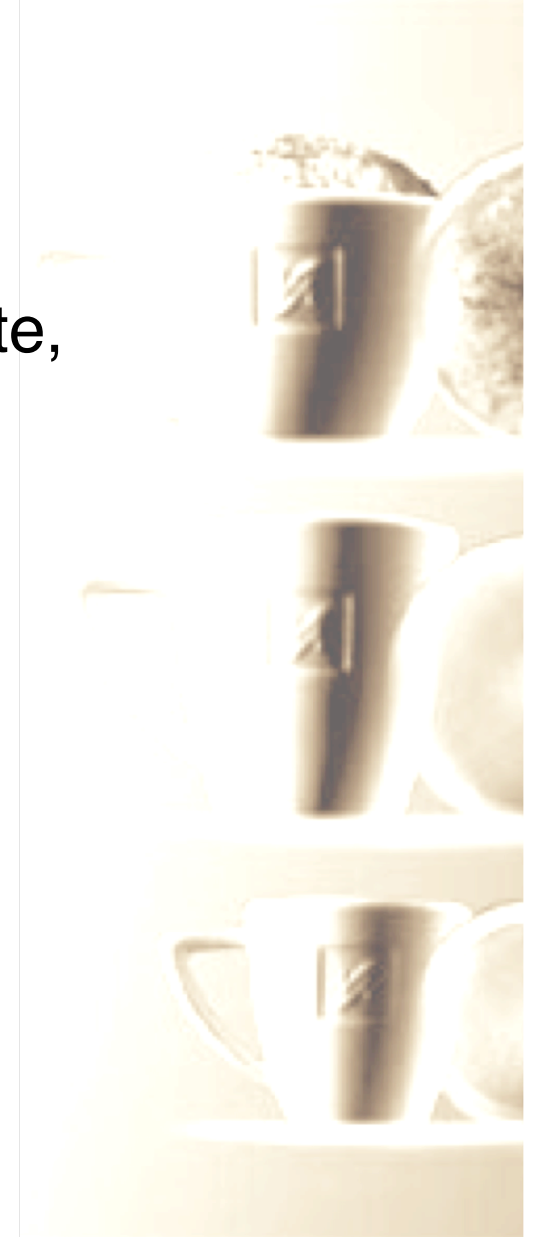
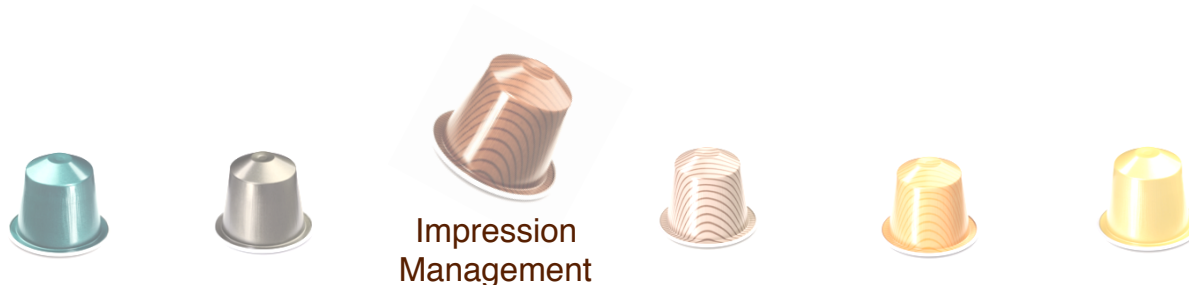
WORDING ON www.nespresso.com

Nespresso is about target (NOT about mass market):

- Dedicated, commitment, solution, your taste, club, fan ...

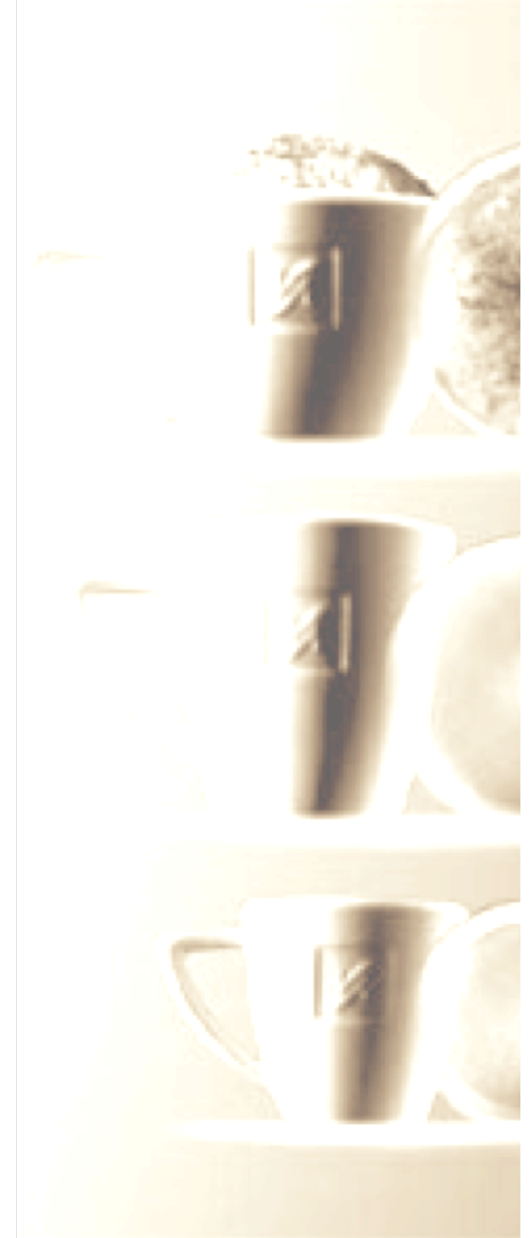
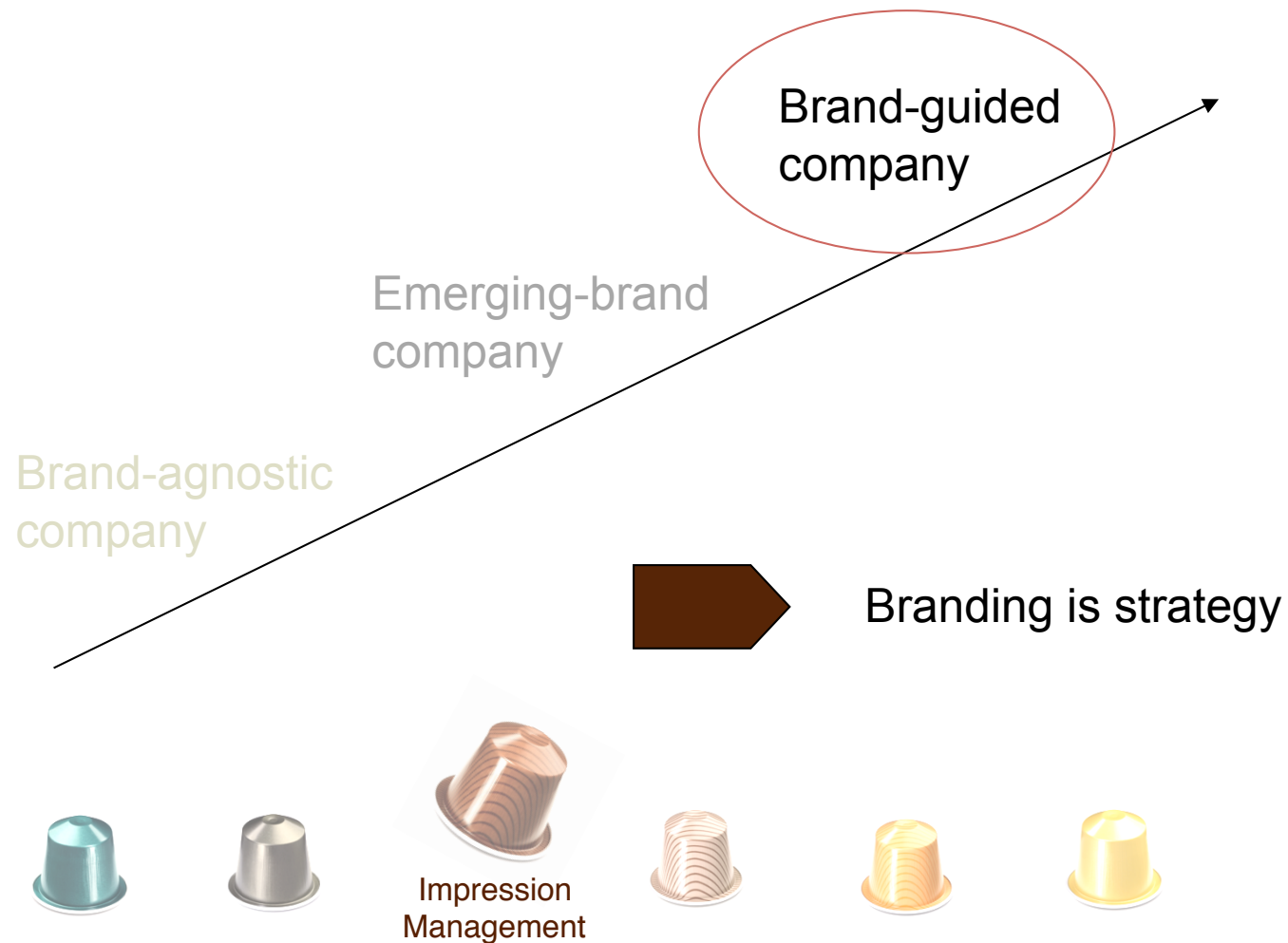
Nespresso is about reference (NOT just a preference):

- Experts, professionals, join, passion ...



BRAND AND REPUTATION GUIDED COMPANY

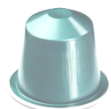
Brand sophistication ladder:



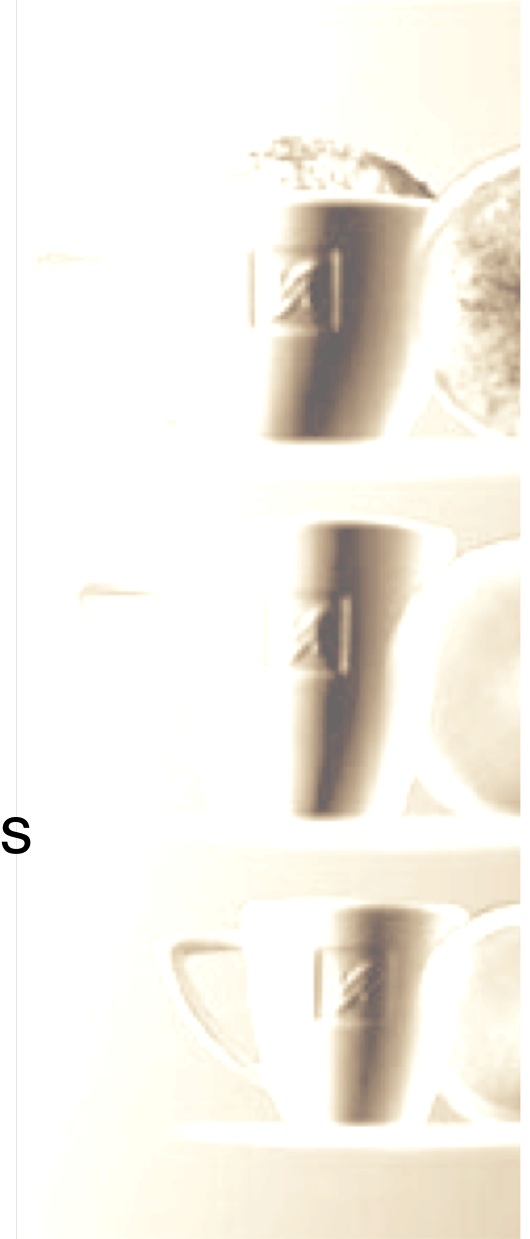
IMPRESSION MANAGEMENT

How does Nespresso reach the perception it envisage to achieve?

- By creating an experience
- By creating emotion
- By creating a desire
- By using well designed communication tools

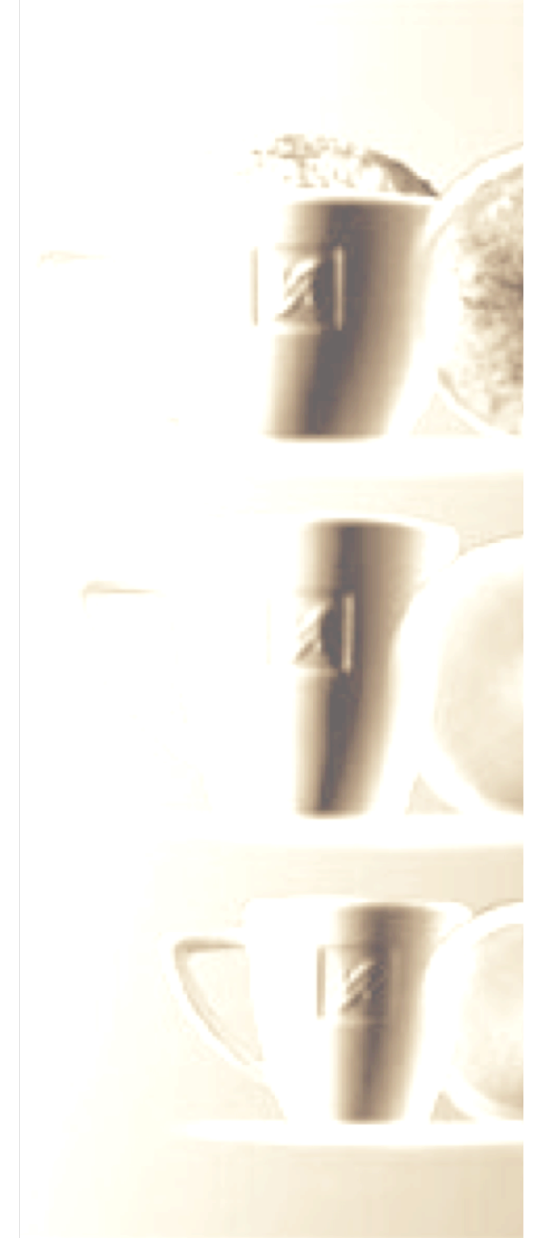
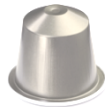
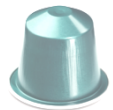


Impression
Management



INTEGRATED COMMUNICATION

- Target Group Segmentation
- Communication & Marketing Strategy
- The Nespresso Experience

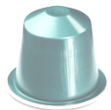
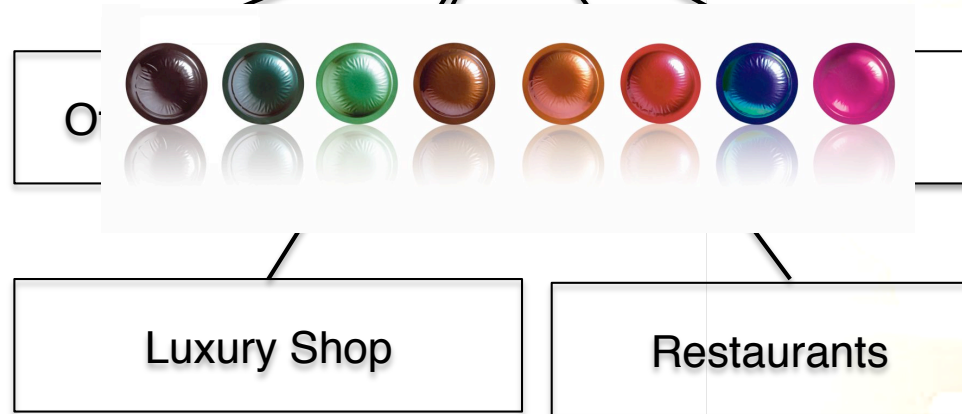


TARGET GROUP SEGMENTATION

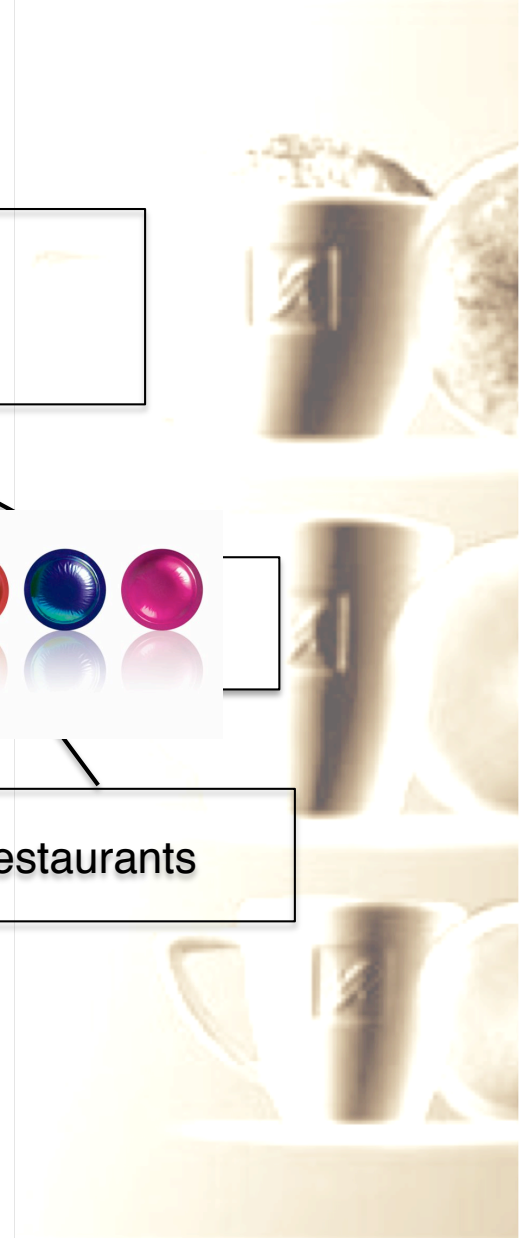
B2C



B2B

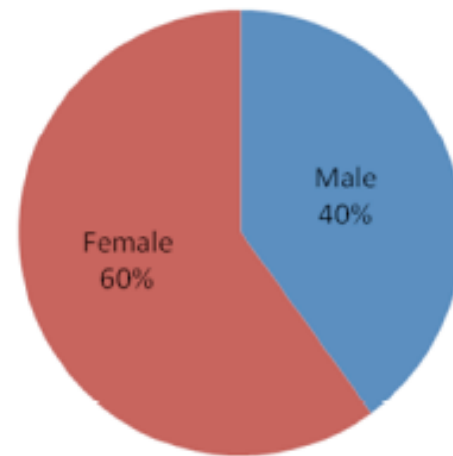
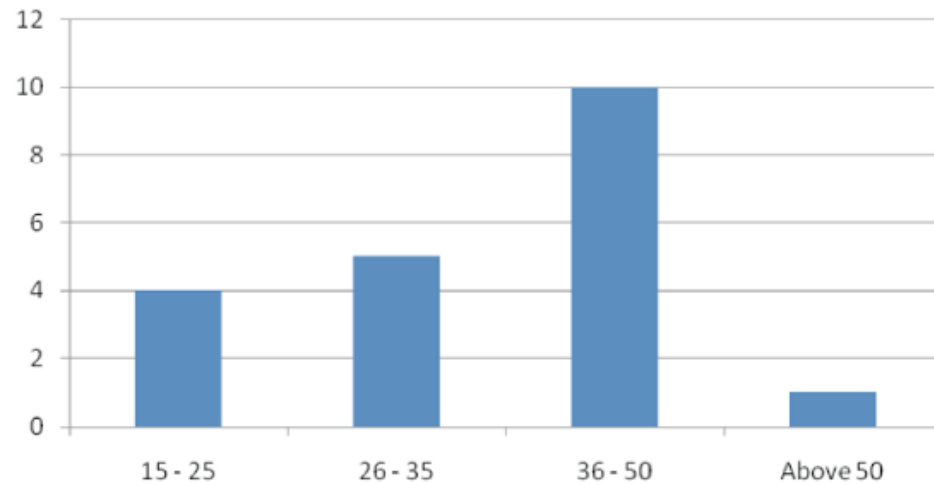


Integrated
Communication

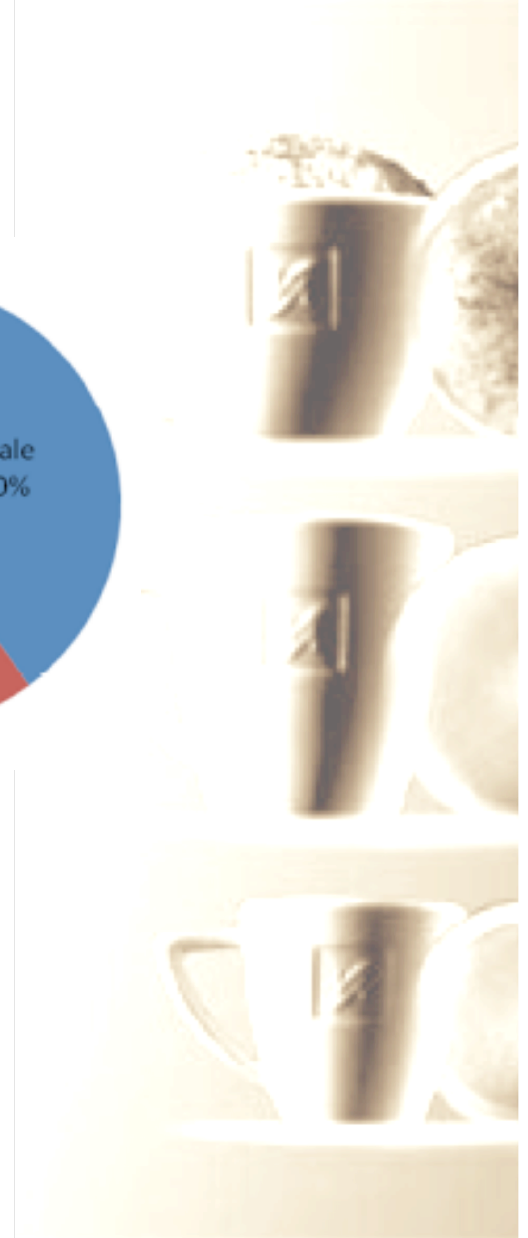


TARGET GROUP SEGMENTATION

How old are Nespresso customers ?



Source: Tintignac, E. (2007). Nespresso's customer profile and behavior, Geneva.



COMMUNICATION & MARKETING STRATEGY

Growth and Brand Building Strategy

Acquire new customers

- Introduce new machine concepts
- New POS approach
- Build the brand reputation
- New markets

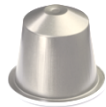
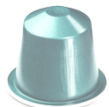
Build consumer loyalty

- Innovate coffee offer
- Strengthen the relationship
- Develop new services

Increase consumption

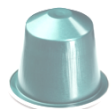
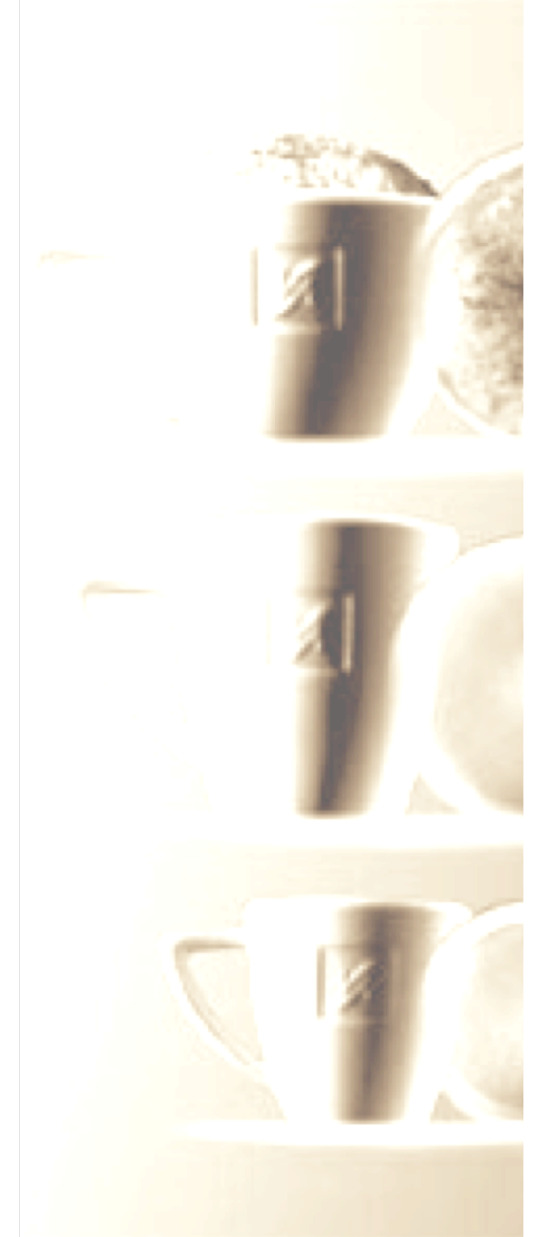
- Enrich versatility for product and place of consumption

Source: Nestlé Nespresso SA Presentation, Investor Group Meeting, December 2006



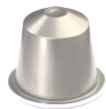
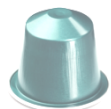
THE NESPRESSO EXPERIENCE

Nespresso Boutiques



THE NESPRESSO EXPERIENCE

- Nespresso boutiques
- **Sponsorship**

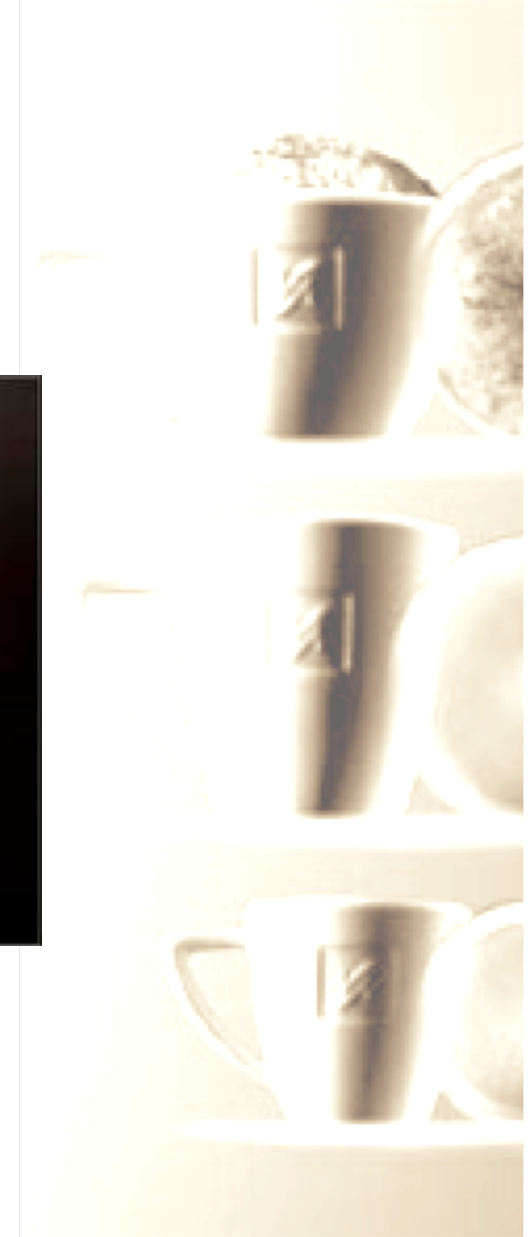
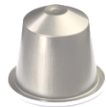
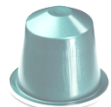
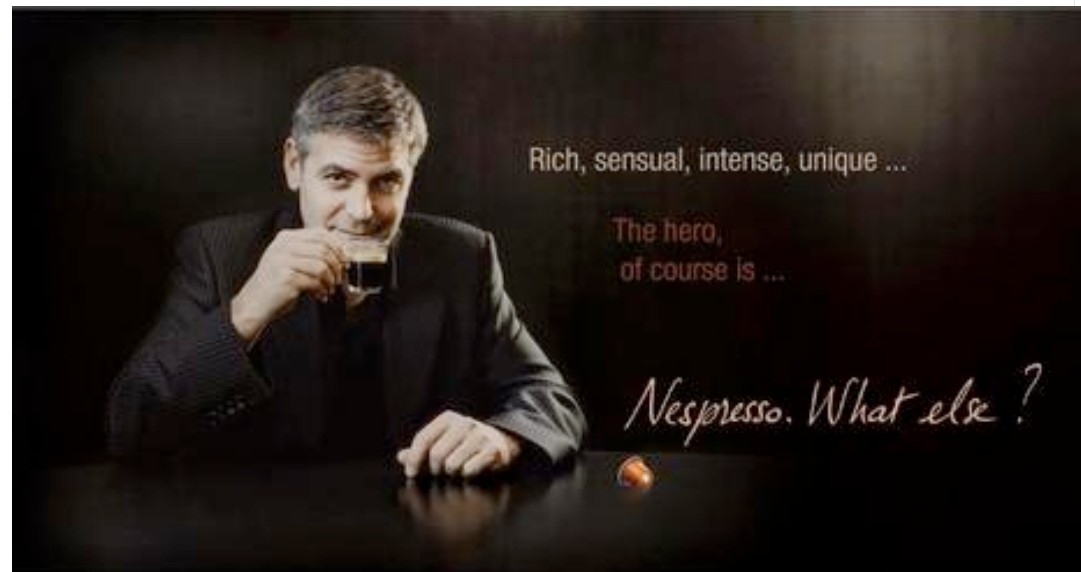


Integrated
Communication



THE NESPRESSO EXPERIENCE

- Nespresso boutiques
- Magazine
- **Celebrity campaign**



COMMUNICATION & MARKETING STRATEGY

Growth and Brand Building Strategy

Acquire new customers

- Introduce new machine concepts
- New POS approach
- Build the brand reputation
- New markets

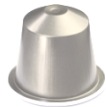
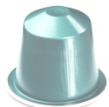
Build consumer loyalty

- Innovate in the coffee offer
- Strengthen the relationship
- Develop new services

Increase consumption

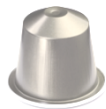
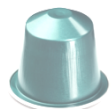
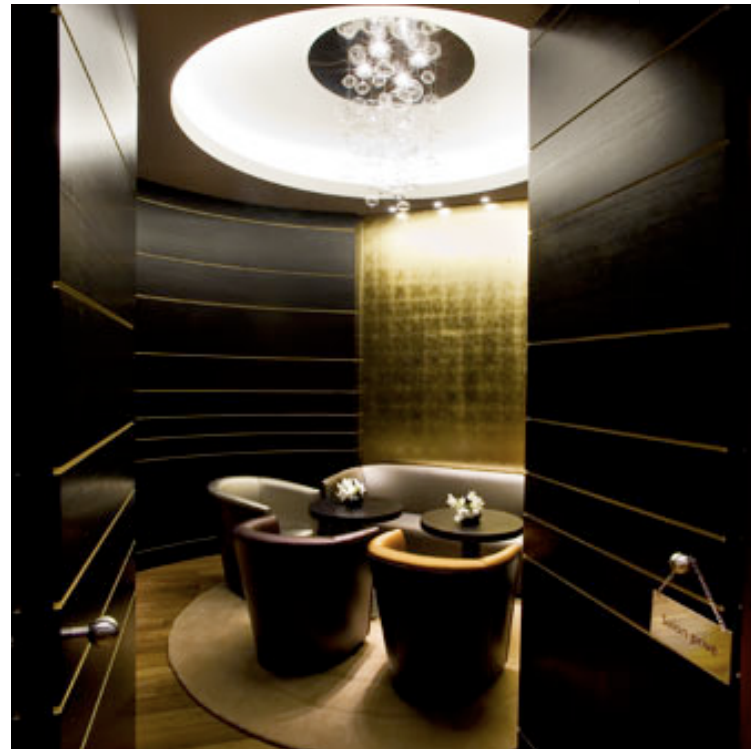
- Enrich versatility for product and place of consumption

Source: Nestlé Nespresso SA Presentation, Investor Group Meeting, December 2006



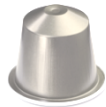
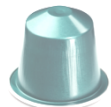
THE NESPRESSO EXPERIENCE

- Nespresso boutiques
- Sponsorship
- Celebrity campaign
- **Nespresso Club**



THE NESPRESSO EXPERIENCE

- Nespresso boutiques
- Sponsorship
- Celebrity campaign
- Nespresso Club
- Magazine



Integrated
Communication



COMMUNICATION & MARKETING STRATEGY

Growth and Brand Building Strategy

Acquire new customers

- Introduce new machine concepts
- New POS approach
- Build the brand reputation
- New markets

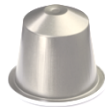
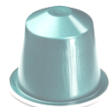
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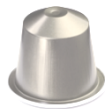
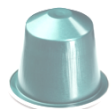
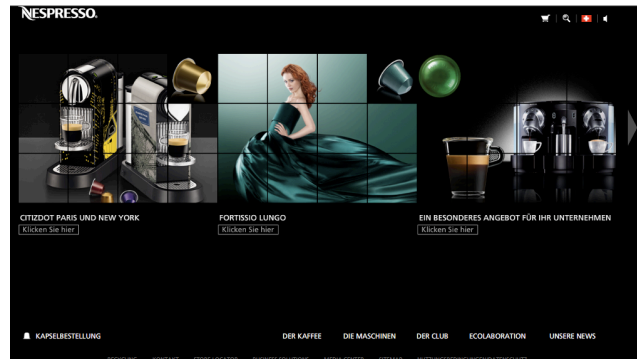
- Enrich versatility for product and place of consumption

Source: Nestlé Nespresso SA Presentation, Investor Group Meeting, December 2006

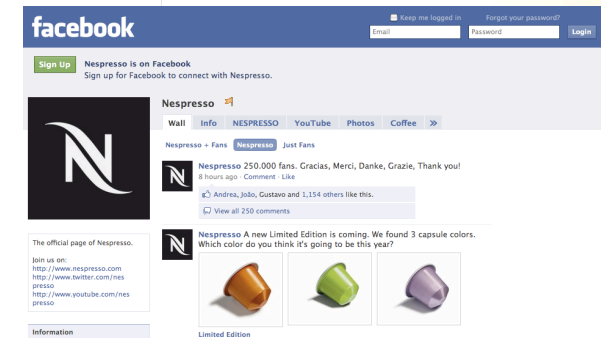


THE NESPRESSO EXPERIENCE

- ☞ Nespresso boutiques
- ☞ Sponsorship
- ☞ Celebrity campaign
- ☞ Nespresso Club
- ☞ Magazine
- ☞ Internet



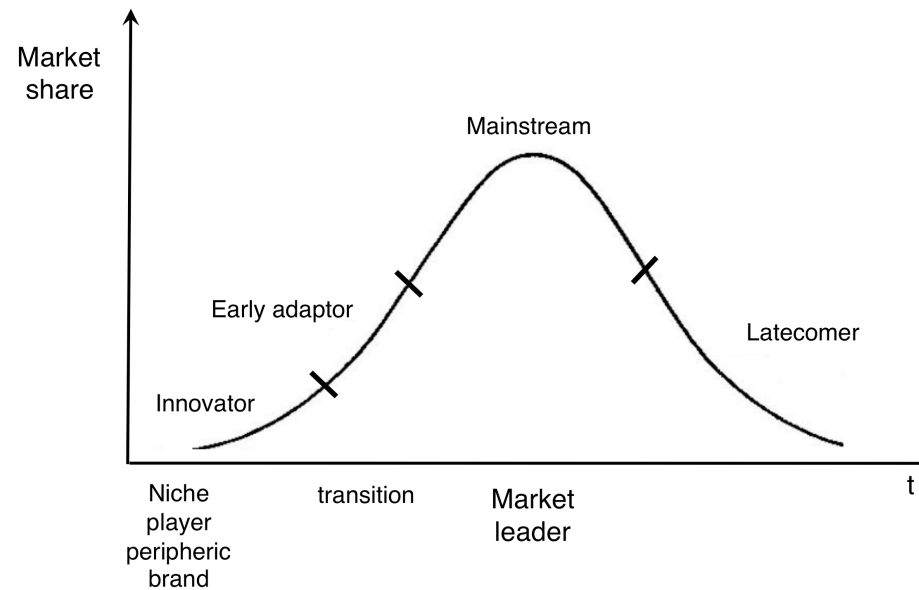
Integrated
Communication



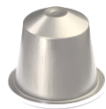
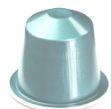
CHALLENGES FOR THE FUTURE

How to stay innovative

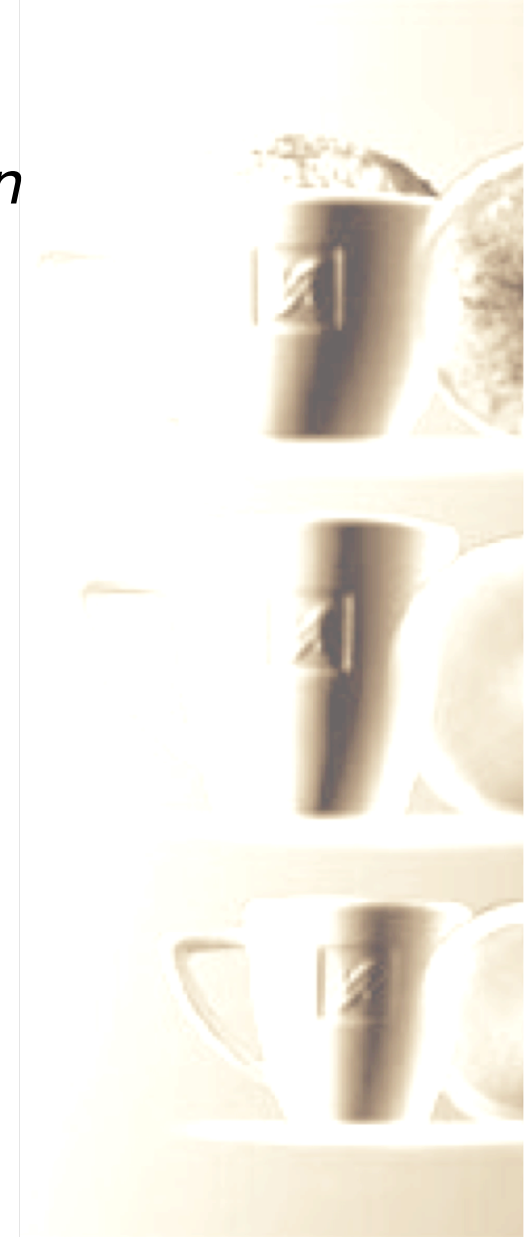
Problem: No growth potential without innovation



Source: Casanova, M. (2009). *Corporate Brand Management I*. Lecture Script.



Challenges & Recommendations



CHALLENGES FOR THE FUTURE

- New competitors in the market

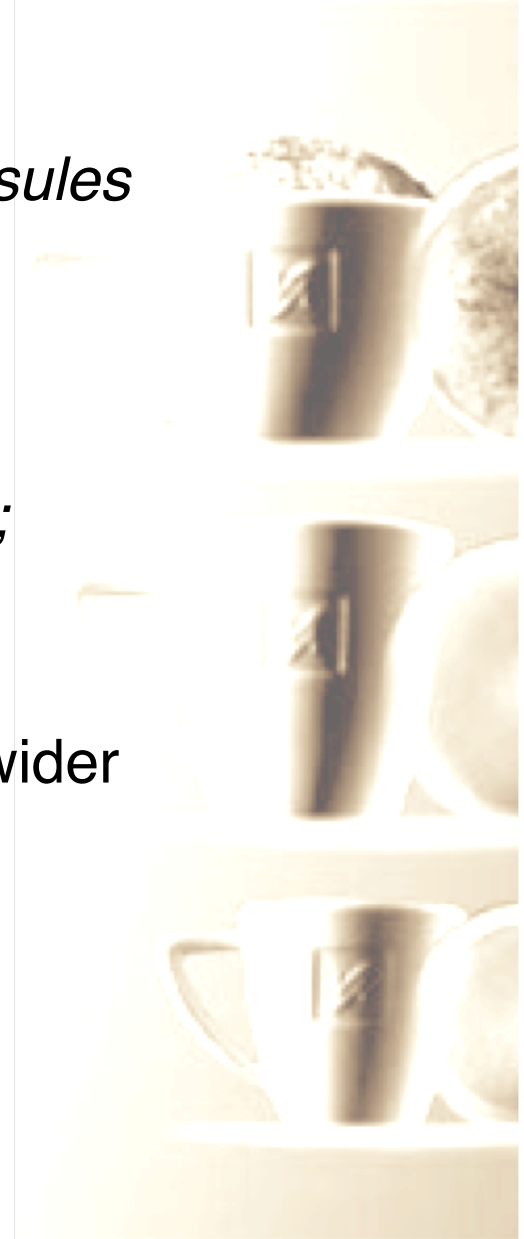
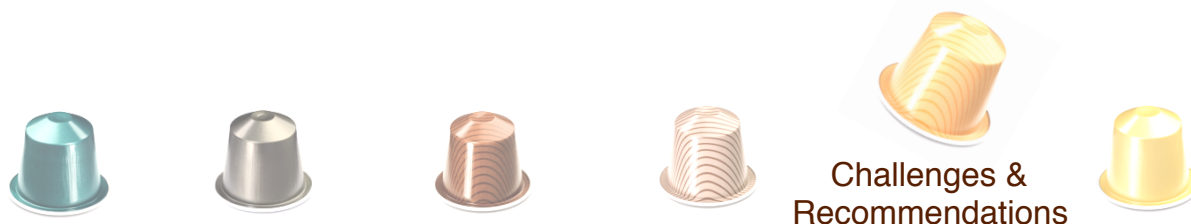
Problem: Patent expiry and new adaptable capsules for the Nespresso system

- Image dilution (luxury brand)

Problem: Nespresso becoming a mass product; increasing competition could lead to price wars

- How to attract new customers, how to serve a wider market

Problem: Low awareness in many markets



RECOMMENDATIONS

Challenges

Stay innovative

New competitors

Image dilution

Recommendations

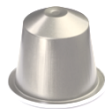
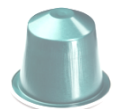
Attract/keep high potentials
(out-of-the-box-thinker)

More environment-friendly
high-quality coffee
capsules

Keep on going

Keep high-price strategy

Co-branding with Sprüngli



Challenges &
Recommendations



RECOMMENDATIONS

Challenges

Gain new customers, serve new markets



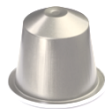
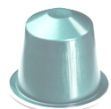
Recommendations

Coffee automats for offices, universities and public places

Bonus-system for Nespresso Club members

Shop-in-shop

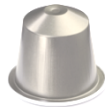
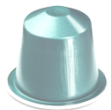
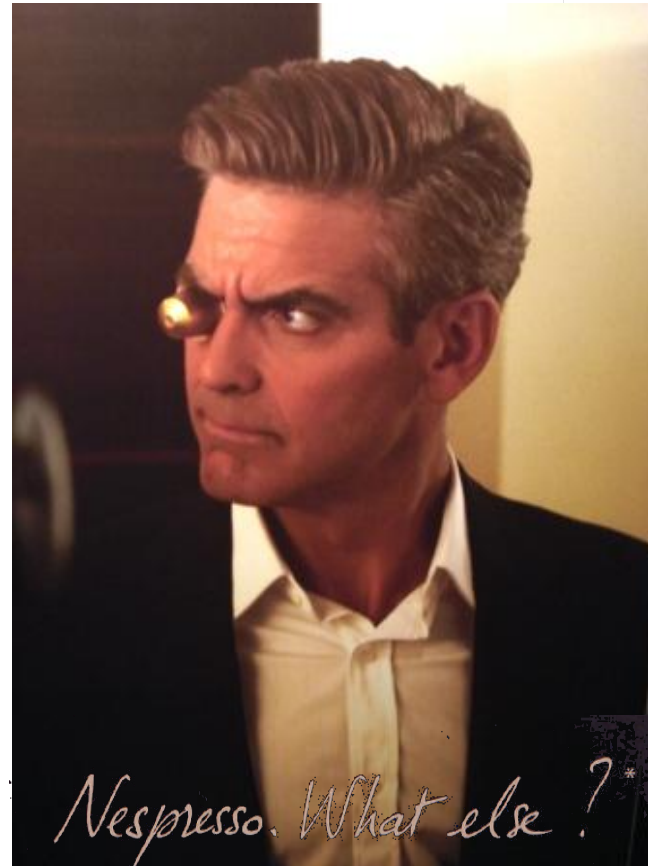
Increase communication budget (e.g. promotional campaigns in shopping malls)



Challenges & Recommendations



RECOMMENDATIONS



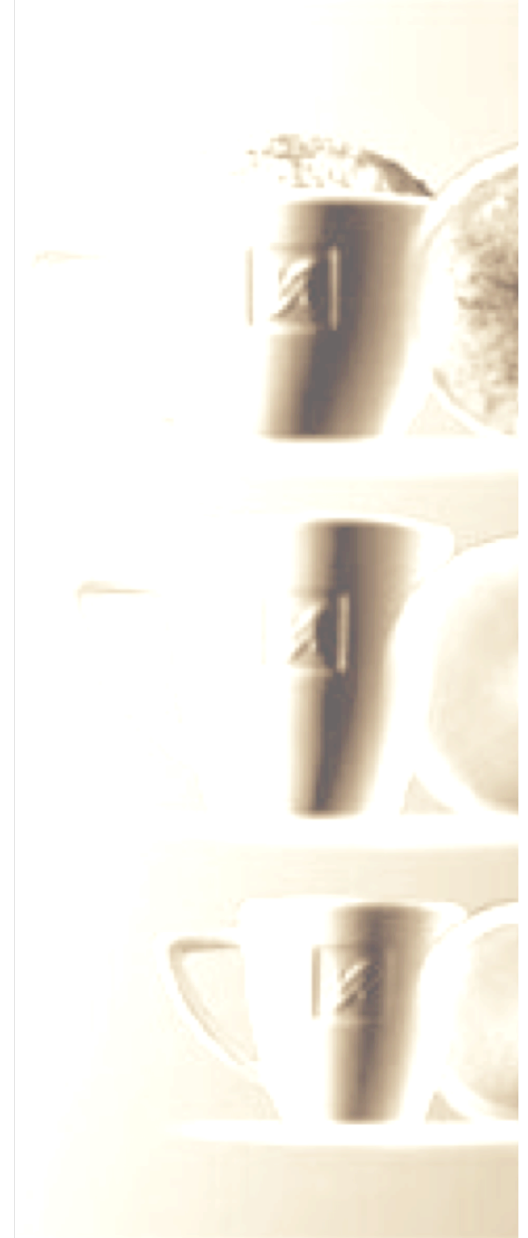
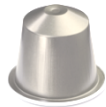
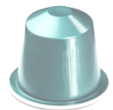
Challenges &
Recommendations



SUMMING UP

Nespresso is a Best Practice because:

- Continuous innovator
- Brand and reputation guided company
- Consistency between strategy and it's implementation
- Creates emotions



N

Nespresso. What else?