

Assassination & Reincarnation of a Brand in Indian Noodle Market: A Case Study of Maggi

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Executive Summary: Present case study aims to analyse the recent controversy around the leading Indian noodle brand 'Maggi' which led towards (almost) assassination of Maggi in India and the steps taken by Nestle to reincarnate the brand instantly. It explains the entire controversy in chronological order and leaves certain strategic questions to ponder. It also discusses the strategic implications of the controversy which resulted into the entry of new brands and loading of barrels by competitors in Indian Noodle Market.

Design Methodology/Approach: Secondary data was collected from the official website of Nestle along with the report (s) published by different research agencies, news papers etc. for the purpose of preparation of case.

Findings: The analysis of available data indicates the downfall (assassination after the controversy due to negative lab reports indicating the presence of MSG and lead beyond the permissible limits) of leading noodle brand 'Maggi' in India due to its ban and further after lifting of ban 'Maggi' bagged the record sale which justifies the reincarnation of brand. Although this controversy offered an opportunity to rivals in occupying larger market share but intensive advertising drive by Nestle helped the brand (to a larger extent) in reoccupying its market share. But the question remains folded that who is responsible for this controversy Nestle India or some other entity.

Strategic Implications: The case tries to highlight the strategic aspect of the controversy; i.e.

- ❑ the way Nestle responded to the ban by simply withdrawing the product from the market without any retaliation or litigation (Strategy to be opted by a leading brand in tough times)
- ❑ Strategy of Nestle in reincarnating the brand after lifting of ban

By discussing the happenings chronologically, the case leaves some important questions for researchers, brand managers and academicians to answer like what could have been the alternative response/strategy in place of what Maggi did ? Could it win the confidence of its customers in some other way?

Research Limitations: The case is based on secondary data published by Nestle Maggi, statements /interviews given by their officials to media/ News Agencies, Lab reports and order of FSSAI. It can further be extended by conducting the interviews with the officials of FSSAI, Nestle and other rivals operating in Indian Noodle market.

Originality/Value: The case intends to provide an understanding of Assassination and reincarnation of a leading, unchallenged and established brand. It provides inferences on how to minimize the risk of getting challenged when you are at the top. The purpose of discussion is purely academic and the case does not (in any manner) supports or opposes actions of FSSAI, Nestle or any other rival discussed in the case.

Key Words: Assassination, Reincarnation, Branding, MSG, Lead, Noodle Market.

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Introduction:

Nestlé's Maggi has been synonymous with instant noodles in India for a considerable period of time. Despite the entry of many other brands like HUL (Knorr Soupy Noodles), Indo Nissin (Top Ramen), GlaxoSmithKline (Horlicks Foodles) and ITC (Sunfeast Yippee), the Swiss major has remained the undisputed king in Indian noodle market with around 80 per cent share in the Rs 2,000 crore branded noodles market which is growing at 25-30 per cent annually.¹

The Maggi brand originates from Switzerland where in 1863 Julius Maggi created a recipe of flavours to bring added taste to meals. This marked the beginning of the Maggi brand and its convenient products. Known for his nutrition-oriented approach, the Swiss Government asked Julius Maggi to create a product that would be quick to prepare yet nutritious as more and more women were working outside the home. The results were a success — two instant pea soups and an instant bean soup.²

In 1947 Nestlé acquired the Maggi brand. Today the tradition continues around the world. Whether it's Maggi bouillons, soups, seasonings, noodles or sauces, consumers have come to know and trust the Maggi brand for its high quality, convenience and nutrition.

Maggi pioneered the idea of packaged instant noodles in India three decades back. In India, the instant noodles category, (in a way), was created by Nestlé with the launch of their brand 'Maggi' in mid-1980s. The very concept of '2-minute noodles' positioning Maggi as a quick snack option for children got acceptance not only by the children but their mothers as well. Having built and nurtured the category's evolution, the brand name "Maggi" almost became a synonym for the instant noodles category itself.

With the passage of time during 1990s and 2000s, Maggi faced slight competition with the entry of some other players but due to its different taste and liking by the customers, it remained dominant. However, in the past few years, consumer goods giants like ITC (Sunfeast Yippee), Glaxo-Smithkline (Horlicks Foodles), and Hindustan Unilever Limited (Knorr Soupy Noodles) foray into this lucrative market with differentiated product offerings. These brands have brought a competitive intensity to the space. This market now also comprises private labels like Feasters (AV Birla Retail), Tasty Treat (Future Group), SmartChoice (Spencers) and very recently (during controversy) Atta Noodles launched by Patanjali.

Nearly 30% of Nestle India's turnover (approximately Rs 9,000 crore) comes from Maggi. Any shade to Maggi's image could cost Nestle-the third largest FMCG company after HUL and Proctor & Gamble, very high.

If we believe the reports the Maggi MSG-lead controversy is expected to have a cascading effect on the Rs 4,000 crore instant noodles market. Maggi has approximately 70% share of this market.³

1. <http://www.business-standard.com/search?type=news&q=Maggi>

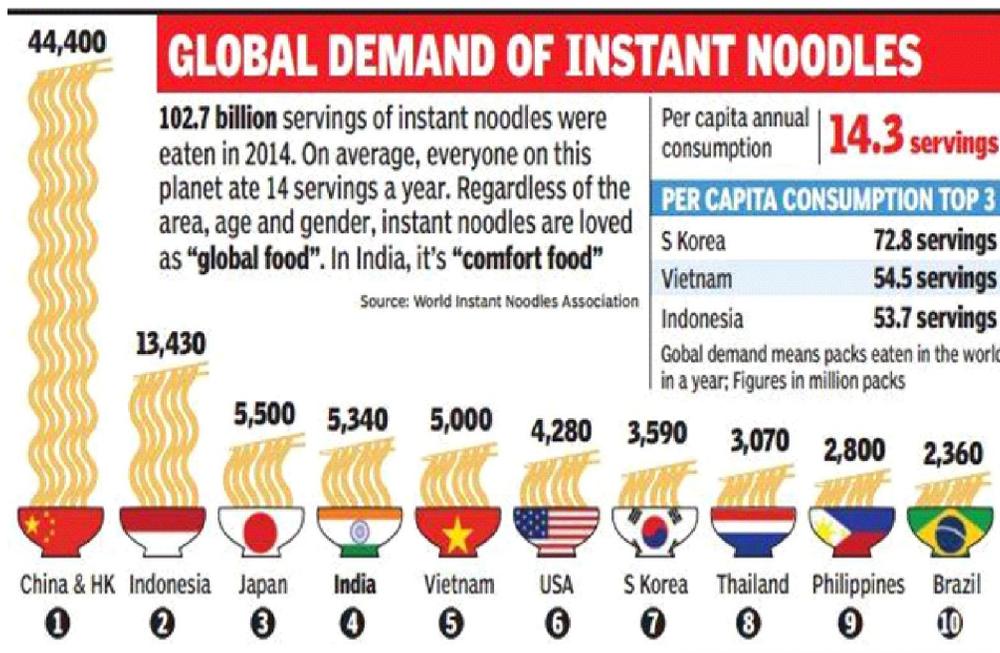
2. http://www.nestle.com/brands/allbrands/maggi_culinary

3. <http://timesofindia.indiatimes.com/topic/maggi> June 4,2015, Mumbai

According to Kotak Institutional Equities, Maggi is a big revenue generator for Nestle India as it contributes around 22-25% of Nestle’s topline and 30% to the company’s profitability which was INR 1185 Crore in 2014.⁴

Demand of Noodles: India Vis-à-vis Global Demand : If we look at the global demand of instant noodles, India is one of the top 5 noodle consuming countries in the world by securing 4th position after China, Indonesia and Japan.(World Instant Noodle Association, 2014). As per the Indian consumers’ psyche instant noodle is regarded as a ‘comfort food’ which requires less time and effort and is preferred choice of each segment of the society especially working class.

Chart :1



Source: The Times of India, June 4, 2015

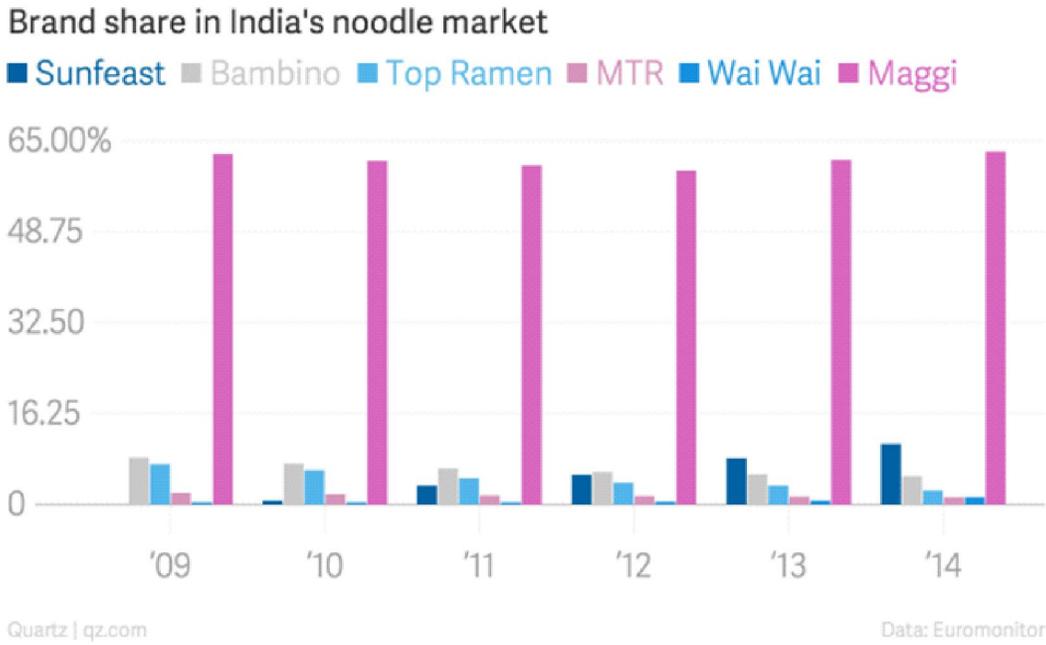
Indian Noodle Market and Maggi:

India is the second largest single market for Nestle’s Maggi brand, with retail sales worth \$623 million in 2014 across noodles, table sauces and other products, according to Euromonitor International. And the prepared dishes and cooking aids category, which includes Maggi, contributes nearly 30% of Nestle India’s revenue, according to a January 2015 research report by French banking and financial services firm, Societe Generale.

“In India, Maggi is synonymous with noodles and completely dominates the market with 63% share in 2014. It is understandable from the chart that Maggi has been the market leader since 2009”.

4. <http://profit.ndtv.com/topic/varun-sinha>

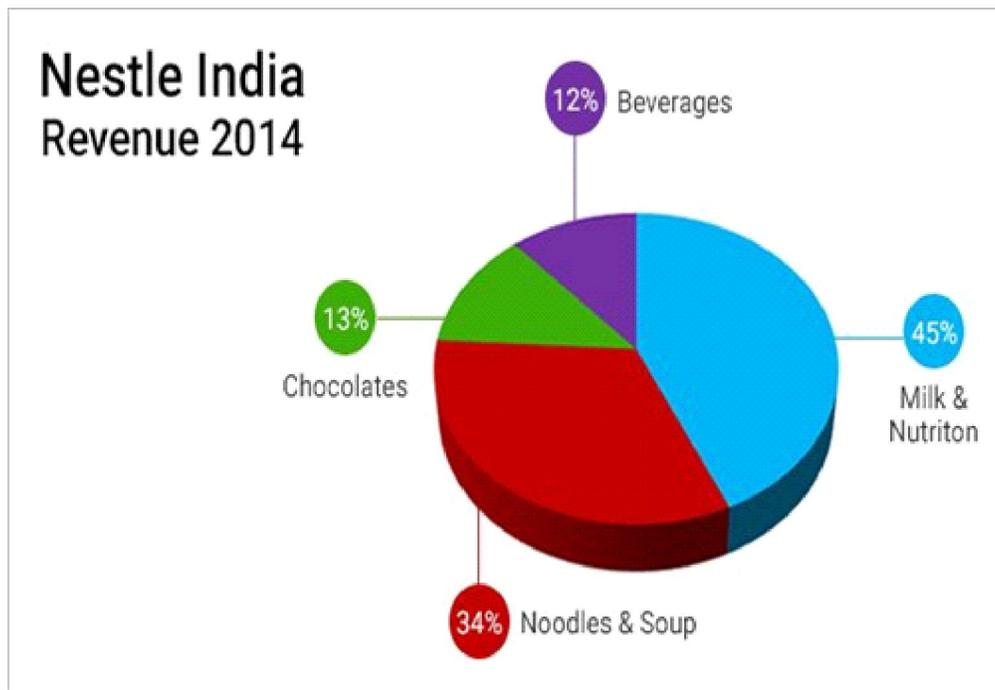
Chart :2



Extent of Loss :

Around 30% of Nestle India’s income comes from Maggi Noodles so this ban is bound to leave a dent in company profits. Maggi Noodles also sits on approximately 70% of the instant noodles market and what would be the new allocation in terms of market share is yet to be seen.

Chart :2



Source : NDTV

Chronology of Controversy: From Ban to Lifting of Ban: Before we discuss the legal aspects of the controversy, it is imperative to cast our eye upon the happenings of it. The chronology of controversy along with the stand of Nestle India is cited below from the website of Nestle India.

March 2014

Authorities in the State of Uttar Pradesh inform Nestlé India that MSG was detected in a sample of Maggi noodles that carried a “No added MSG” claim on the pack. Nestlé India states it does not add MSG to Maggi noodles and requests a second sample to be sent to a referral government laboratory in Kolkata.

January 2015

The second sample is received by the referral laboratory in January 2015. Response of nestle was that it is analysed from January 2015 to April 2015 – significantly after the product’s shelf-life.

April 2015

The referral government laboratory in Kolkata says it has detected lead levels above permissible limits and the presence of MSG in its sample of Maggi noodles.

Ensuing tests on Maggi noodles samples - representing 165 million packets - by both Nestlé India’s own accredited laboratories and independent accredited laboratories show lead levels to be within the limits set by the Indian food safety authorities.

Nestlé India states that although it does not add MSG to Maggi noodles, the product contains glutamate from hydrolysed groundnut protein, onion powder and wheat flour, which can produce a positive result in a test for MSG.

5 June 2015

In light of growing consumer confusion, Nestlé India decides to temporarily stop selling Magginoodles in India until the situation with the authorities is resolved.

Later in the day, the Food Safety and Standards Authority of India (FSSAI) issues an order to Nestlé India which includes, among others, the:

- ❑ Recall of all nine variants of Maggi noodles from the market
- ❑ Halt of commercial activities related to the product, including sale and production
- ❑ Removal of the “No Added MSG” claim from product packs
- ❑ Withdrawal / recall of Maggi oats noodles as it did not have ‘Product Approval’

Nestlé India says it will remove the “No added MSG” claim on the pack – although ‘factually correct and not in violation of regulations’.

11 June 2015

Nestlé India files a legal petition with the Bombay High Court, seeking a judicial review of this order. As the case progresses the company cites a number of arguments, including the following:

- ❑ The FSSAI order was passed without giving Nestlé a proper hearing
- ❑ The government laboratories that tested Maggi noodles for lead – on behalf of the FSSAI and some Indian state FDAs (food and drug administration) - were not accredited for lead testing.
- ❑ Tests by Nestlé and an independent accredited laboratory have found Maggi noodles safe to eat
- ❑ Tests by food standards authorities in six countries – USA, Canada, UK, Australia, New Zealand and Singapore – also found Indian-made Maggi noodles safe for consumption.
- ❑ Maggi oats noodles was launched when the FSSAI ‘Product Approval’ system was under suspension.

While legal proceedings are ongoing, Nestlé continues to comply with the FSSAI order and destroys over 35,000 tonnes of the product.

30 June 2015

The Bombay High Court allows Nestlé India to continue exporting Maggi noodles.

11 August 2015

The National Consumer Disputes Redressal Commission (NCDRC) files a class action lawsuit against Nestlé India on behalf of Indian consumers.

It asks for close to USD 100 million (INR Rs 639.95 crore) in damages on grounds of “unfair trade practices, sale of defective goods and sale of goods to the public by selling Maggi Oats noodles without product approval.”

13 August 2015

The Bombay High Court overturns the government’s ban on Maggi noodles, arguing that the move was “arbitrary” and “that principles of natural justice were not followed.”

The court rules that Nestlé India can bring the product back to the market if fresh tests – conducted in three accredited laboratories on the existing samples and subsequently on the freshly manufactured product– find the product safe.

16 October 2015

Test results from all three laboratories mandated by the Bombay High Court show Maggi noodles to be safe, with lead content well within the permissible limits.

In compliance with the orders of the Bombay High Court, Nestlé India commences manufacturing Maggi noodles and submits the new batches for fresh tests to reconfirm they are safe for consumption.

4 November 2015

All three NABL (National Accreditation Board for Testing and Calibration Laboratories) accredited laboratories - mandated by the Bombay High Court – find samples of the newly manufactured Maggi noodles to be safe for consumption, with lead content well within permissible limits.

9 November 2015

Now that the orders of the Bombay High Court have been complied with, Nestlé India has made Maggi noodles available for sale once again. (Cited from <http://www.nestle.com/ask-nestle/maggi-noodles-india-msg-lead-ban-recall/answers/maggi-noodles-india-overview-timeline>)

The Cause of Ban : Was Maggi really unsafe ? Is it true that lead was there in the Maggi ?

Logic by Nestle in the form of Questions & Answers : Nestle India provided answers to the possible questions coming out of the controversy and its answers to communicate with the public. Some of the Questions and their respective answers given by Nestle India are stated as follows:

Lead occurs in the earth's crust and is present in air, soil and dust. The CODEX Alimentarius standards are a key reference for Nestlé. We test lead levels in our raw materials and source ingredients from regions with the lowest levels of lead. The authorities have also set firm limits to ensure that any lead present in a finished product are within recommended food safety levels and safe to consume.

Nestle States that they regularly monitor all their raw materials for lead, including testing by accredited laboratories. These tests have consistently shown lead in Maggi noodles to be within safe limits. In addition to testing both raw materials and finished products for lead, they carry out extensive research on lead and contribute to global efforts to assure safety in this area.

Food safety is Nestlé's number one priority. As per them, they do more food testing than any other entity in the world and have many stringent controls to guarantee safety: starting from the raw materials they use, throughout processing to packaging. They adhere to the same quality standards wherever in the world we operate.

Difference between MSG and Glutamate : Nestle India has clearly explained the difference between MSG and Glutamate which is explained as follows :

The amino acid L-Glutamate is one of the most abundant and important amino acids of proteins. It is found in all foods that contain protein, such as cheese, milk, mushrooms, meat, fish, and many vegetables. The natural flavour-enhancing levels of glutamate in food varies greatly, but are high in foods such as tomatoes, mushrooms, soya sauce and fish sauce.

Monosodium glutamate, abbreviated as MSG, was discovered more than a century ago by the Japanese scientist Kikunae Ikeda, who gave this unique taste the name "umami", the fifth taste beside sweet, sour, salty and bitter. Today, MSG is mostly produced by a natural fermentation process that has been used for centuries to make such common foods as beer, vinegar and yogurt.

Are MSG or glutamate unsafe?

Leading international food authorities have confirmed MSG is safe to use in food under common conditions of use.

These authorities include the international World Health Organization/UN Food and Agriculture Organisation's evaluation committee, the European Commission's Scientific Committee for Food and the United States Food and Drug Administration. None of the many scientific studies carried out over the last 30 years has shown a link between MSG intake and adverse reactions such as 'Chinese Restaurant Syndrome'.

There have been some concerns raised about the contribution of MSG to sodium intake via the diet. However, MSG contains only about one-third the amount of sodium as table salt (13 percent vs. 40 percent) and so where we use it in products, in combination with a small amount of table salt, MSG can help reduce the total amount of sodium in a recipe by 20% to 40%, while maintaining an enhanced flavour. The level of glutamate for example in Maggi noodles is around 0.2 g/100 g, which is close to the average level of glutamate measured in the same portion size of tomatoes or peas.

So if it is safe, why say on labels that no MSG has been added to a product?

As per Nestle India, in response to consumer preference for products without MSG they have taken the decision that, where none is added, they should make this clear on the label. However, in view of the recent confusion, when the product returns to the market it will not contain this claim.

What are you doing to reduce MSG?

Nestle claims that they do not add MSG (E621) to Maggi noodles made in India.

They also say that they do not plan to reduce the quantities of the natural ingredients which bring in natural glutamate into the product.

Why did the authorities find MSG in your product when it says 'no added MSG' on the label?

We do not add the flavour enhancer MSG (E621) to Maggi noodles in India. However, the product contains glutamate from hydrolysed groundnut protein, onion powder and wheat flour. Glutamate produces a positive result in a test for MSG.

Weren't you misleading consumers?

It was not our intention to mislead consumers but we understand that the positive result in a test for MSG has led to concern among people who buy the product.

But by saying 'no added MSG' on the label weren't you just trying to get around the labelling regulations?

Nestle Concludes that No. We were not trying to ‘get around’ the labelling regulations. In response to consumer preference for products without MSG we took the decision that, where none was added, we should make this clear on the label by stating ‘no added MSG’. This is common practice followed by the food industry and complies with Indian food law and regulations.

It is clear that our labelling has led to some confusion and we are fully engaged with the authorities and the food industry to resolve the situation.

If it’s safe, why did you recall the product?

In India we were asked by the regulator to recall the product and we have stopped selling it. In fact, before the order was issued, Nestlé India had announced it had stopped selling Maggi noodles .This is because concerns about the product led to confusion for the consumer to such an extent that Nestlé India felt it was necessary to take the product out of the market while we engage closely with the regulators and others to discuss the situation.

What the order of FSSAI Says ?

After going through the questions arising around the controversy and answers given by Nestle India (at its website), it becomes important to understand what FSSAI says in its order :

The order issued by Food Safety and Standards Authority of India (Quality Assurance Division), A Statutory Authority established under the Food Safety and Standards Act, 2006) FSSAI (No. 10/Q.A./Enforcement Issues/ FSSAI— 2015) dated June 5th 2015 indicates the following points :

Sub : M/S Nestle India Limited’s “Maggi Instant Noodles with Tastemaker” and any other food products covered under Section 22 which have not been examined for risk/safety assessment

Allegations raised against Nestle Maggi under FSS Act 2006 :

M/S Nestle India Ltd. is aware of the currently on-going nation-wide concerns regarding the safety of its food products cited under the above subject.

Pursuant to the sampling and testing of the said product by the establishment of the office Of Commissioner of Food Safety, Uttar Pradesh and recognizing the serious food safety concerns arising there from, the FSSAI had advised the Commissioners of Food Safety in Various states to draw samples of the said Products and get the same tested from authorized laboratories.

Violations noted by the Regulator:

Three major violations have been noted qua the subject cited products as of now, viz. (a) presence of Lead detected in the product in excess of the maximum permissible levels of 2.5 ppm, (b) misleading labeling information on the package reading “No added MSG”, and (c) release of a non— standardised food product in the market, viz. “Maggi Oats Masala Noodles with Tastemaker” without risk assessment and grant of product approval.

Response of Nestle India before the Authorities :

The Company representatives were given a hearing at 1.00 pm on 04.06.2015 by the Chairman, FSSAI and the undersigned at the office of the Food Authority with a view to seek their response in the matter and also to know as to what steps the company had taken in terms of compliance of its obligations under section 26 of the FSS Act, 2006. Mr. Paul Bulcke, Global CEO of the Company, Mr. Etienne Benet, MD & CEO, Nestle (India), Mr. Sanjay Khajuria were present along with two more company officials. The Company representatives stated that they were committed to providing safe food for the consumers and that the whole controversy had been created on account of confusions created and lack of proper understanding of the issue. The Company's response on each of the above issues was as follows :

- a) The company asserted that the testing protocols had not been followed and interpreted correctly. According to them :
 - (i) the product contained two parts ;i.e. the Noodle and the Tastemaker. The samples had been tested for each of the two components separately whereas it should have been tested as a combined end product ;i.e. the form in which it is finally consumed;
 - (ii) The CFL Kolkata had also tested the product as a combined product but the results showed a very high level of lead because the samples remained open for a considerable period before being tested;
- (b) The “No added MSG” on the label as on account of lack of clarity in the regulation and that the company had followed the practice generally followed by the industry in this behalf. However, they were quick to add that the company would rectify the labels if it was interpreted as a case of mislabelling. They added that the company had already ordered printing of new labels without mentioning “ No added MSG” thereon and that their products would be packed in the re-printed packets after the current stock was exhausted. However, the company also finally agreed to pack all freshly manufactured food in the new packaging.
- (c) As regards the issue of release of one of the variants, viz; “ Maggi Oats Masala Noodles with Tastemaker” in the market without getting the product assessed for its risk/safety and grant of product approval, the company representative stated that this product had been launched at a time when the Advisory dated 11.05.2013 was under stay granted by the Court. The attention of the company representatives was drawn to the provisions contained in Section 22 under which the food product as a ‘Proprietary Food’ was not at all allowed to be manufactured and placed in the market, the company representatives stated they would comply with the directions of the Food Authority in this behalf.

Observations of the Authority: The order says .. ‘having heard the Company representatives on each of the issues, the observations of the Authority with regard to these issues are as under :

A. Presence of Lead in excess of the permissible safety limits :

A.1 The sample taken by the establishment of the Commissioner of Food Safety, U.P. and tested by the CFL, Kolkata found presence of lead at 17.2 ppm. The test results received from the GNCT, Delhi in respect of 13 samples drawn from different batches indicate the presence of lead in excess of the maximum permissible level of 2.5ppm in case of 10 out of the 13 samples tested (one of them being the product for which approval had not been taken). Similarly, a total of 40 samples are

reported to have been drawn including the noodles of other brands. Having received the Test Reports in respect of 29 samples by last evening and found the presence of lead in excess of the prescribed limits in 15 samples, the State of Gujarat has already issued a recall order. Further, the results of Test Samples drawn and tested in the state of Tamil Nadu also confirm the presence of Lead in excess of the permissible limits, including in the Noodles of some other manufacturing companies. It is clear from the reports received from various states that there is overwhelming evidence of the said food products being unsafe and hazardous for human consumption. The maximum permissible level of Lead is 2.5 ppm as stated by the company in its application dated 04.12.2012 submitted for the Product Approval for 'Instant Noodles with Tastemaker', of which Masala is one of the variants applied for. As per the Certificate of Analysis furnished by the Company with its application, the Lead was 0.0153 ppm vide report dated 17.10.2012.

A.2 The arguments advanced by the Company as recorded under para 3 (a) of the order have not been found tenable on the following grounds :

- (i) The Company manufactures the Noodles and the Tastemaker and markets the same in two separate packages (Tastemaker or Masala is always in a separate sachet placed inside the main packet). The prescribed Standards have to be applied in respect of each of these two components independently and have no linkage with the processing of the end product as it is consumed. Water is added to the preparation of the product before it is consumed and depending upon the source, water may also contain contaminants like lead, for which the company may not be liable. Therefore, the final process of preparation has no linkage with the manufactured product as placed in the market and the compliance of standards has to be tested for each of two items;
- (ii) It has been ascertained from CFL Kolkata that the sample was tested separately for the Noodle and the Tastemaker and it is wrong to say that the sample remained in open condition for about two months.

A.3 Detection of Lead in a food product as a Heavy Metal contaminant beyond permissible levels renders the food product unsafe and hazardous. Reference is made to a document published by the Food Safety Authority of Ireland on "Mercury, Lead, Cadmium, Tin and Arsenic in Food" (Issue No.1, May 2009 in its Toxicology Factsheet Series) which succinctly brings out the adverse toxic effect of lead.

B. Violation of Labelling related Regulations :

B.1 It has been noted with concern that the label of the said product specifically mentions thereon "No Added MSG" whereas the product is found to be containing Mono Sodium Glutamate (MSG). The company has stated vide its letter dated 2nd June 2015 that its claim is regarding " Added MSG" which is a correct position since the Company has not added any MSG (E621). It has further stated that "it is a known fact that it is not possible to distinguish between naturally occurring glutamate and added glutamate in foods." The company's aforesaid letter further reads " we have been declaring "No Added MSG" on Maggi Noodle Packs as we do not add MSG (flavour enhancer –E621) as an additive in the product. This is a common practice across the industry in many food products viz; instant noodles, ready to eat foods, soups etc." Drawing support from the legal opinion taken from Mr. Justice V.N.Khare, former Chief Justice of India, it has been further stated that " the

declaration of “No Added MSG” on the labels of Maggi Noodles does not violate the Food Safety Standards Act, its rules and its regulations thereunder.”

B.2 The assertions made by the Company in its aforesaid letter dated 02.06.2015 have not been found acceptable. Attention in this behalf is invited to Regulation 2.2.1:1, which reads as under :

- “1. Every pre-packaged food shall carry a label containing information as required hereunder unless otherwise provided ,namely—
3. Pre-packaged food shall not be described or presented on any label or in any labeling manner that is false,misleading or deceptive or is likely to create an erroneous impression regarding its character in any respect.”

B.3. It is amply clear that this sub-regulation prohibits any other information on the label other than what is otherwise provided for in the FSSR. It defies the common understanding as to why the company has to make this assertion when it is not required to do so. The apparent reason for using such information on the label is driven by an undue commercial advantage/benefit to create an erroneous impression in the minds of consumers regarding the character of the product.

C. “Maggi Oats Masala Noodles with Tastemaker” :

C.1 M/s Nestle India Private Limited is aware that the said products, being proprietary food in nature, being non-standardised,are covered under Section 22 of the FSS Act ,2006 and require risk/safety assessment and approval before these are manufactured and placed in the market. The Company has applied for ‘Product Approval’ in respect of product titled ‘ Maggi Oats Masala Noodles with Tastemaker’ vide its application dated 27.8.2014. Certain clarifications were sought from the company Safety/Risk assessment in respect of the said product vide FSSAI communication dated 25.02.2015. The Company did not respond to the clarifications within the prescribed time, and as such the application already stands ordered to be closed being non-responsive.

C.2 What is disturbing to note is that the Company had already released the said product in the market without completing the process of risk assessment and has been promoting its sales. The argument that this product was launched when the Advisory dated 11.05.2013 was under stay holds no ground in the face of legal provisions. This is illegal and a serious violation of FSS Act, Rules and Regulations thereunder. In the absence of safety/risk assessment and grant of product approval of a food product covered under section 22 of the FSS Act, the Company has acted in violation of law. As such, the product can not be allowed to be intended for human consumption and has to be withdrawn from the market forthwith.

Charges against Nestle Maggi :

The order states ‘From the aforesaid, it is evident that the Company has also failed to comply with its obligations laid down under section 26 of the Act. Further, the Company has violated the FSS Act, Rules and Regulations thereunder and rendered itself liable to prosecution under Sections 20,22,23, Section 24 read with Section 53, Section 26,27,48,50,52,58 and Section 59 of the FSS

Act 2006, read with the applicable Rules and Regulations thereunder. The Order concludes that keeping the aforesaid in view, without prejudice to the rights of the respective Commissioners of Food Safety and the Food Safety Establishments of Various states and Union Territories and the consumers to file prosecutions against the company for various violations, and in exercise of powers vested in the Food Authority under Section 16 (1) of the FSS Act, read with general principles enshrined under clauses (a), (b), (c), (f) and (g) of sub section (1) of Section 18, further read with the provision contained in Sections 26 and 28 and the powers vested in the authority under Section 10 (5) read with Section 29 of the FSS Act, 2006, the Company was directed to :

- (i) Withdraw and recall all the 09 approved variants of its Maggi Instant Noodles from the market having been found unsafe and hazardous for human consumption, and stop further production, processing, import, distribution and sale of the said product with immediate effect;
- (ii) As already agreed by the Company during the hearing in respect of the rectification of label and removal of “No Added MSG”, the Company was directed to comply with the related labeling regulations in this behalf forthwith;
- (iii) Withdraw and recall the food product, “Maggi Oats Masala Noodles with Tastemaker” for which risk/safety assessment has not been undertaken and Product Approval has not been granted.
- (iv) In case any other food product falling under section 22 of the Act is being manufactured and marketed by the Company, for which risk assessment has not been undertaken by way of grant of Product Approval/ NOC by the FSAI, the same be withdrawn from the market with immediate effect and the FSSAI be informed about such products within 24 hours of the receipt of this communication, and
- (v) Take appropriate action to re-ascertain the safety of its products in compliance of the obligations cast upon the Company in terms of Provisions contained in Section 26 of the Act under intimation to the FSSAI.

M/s Nestle India Private Limited was further called upon to show cause within a period of 15 days from the date of issue of this communication as to why the Product Approval granted by FSSAI in respect of “Instant Noodles with Tastemaker-(9 Variants)” vide its letter dated 04.07.2013 be not withdrawn.

The Company was further directed to submit a compliance report in this behalf within a period of three days and furnish progress reports on the recall process on a daily basis thereafter till the process is completed.

This was all about charges of violation raised against Nestle Maggi and directives issued by FSSAI in its order.

Nestle’s Problem : An Opportunity for the Rivals :

The controversy of Nestle, in a way, provided an opportunity for the competitors to increase their market share and profit. Most of the competitors changed their Ad-Campaign, exhibited their production process indicating their commitment towards quality control and mentioned the consumers’ safety as their top priority. Competitors also intensified the supply of their product to gain

Reincarnation of Maggi as a Brand :

Nestle India, which has been in the thick of a controversy with its Maggi noodles started reassessing all aspects of the brand, including the ingredients used. While the company and the regulator were battling it out in the court, Suresh Narayanan, the newly appointed Managing Director of Nestle India, maintained that the multinational was not in the mood for ‘confrontation’, but would engage in a dialogue with the authorities.

Acknowledging that the controversy and the subsequent recall had hit the company’s revenue, he said, Nestle India is reassessing the product. “We have a process of introspection in terms of learning in the organisation, in terms of what we did right, what we did not do right ... internalise these learnings and move forward,” he said.(Source :

Efforts by Nestle: Following visible efforts were witnessed after the ban was lifted from Nestle Maggi :

1. **Creation of a Webpage clarifying the doubts of Consumers :** On this page you will find answers to frequently asked questions on recent events around Maggi noodles in India. They also have other resources of information that provide more details on specific topics, like An overview of the full sequence of events, What are the latest test results?, What testing methodology does Nestlé use?, What is the recall process?, The science behind the savoury taste, Food safety at Nestlé: in India and around the world and Resources for journalists and many more to communicate with the customers and to regain their confidence. (<http://nestle.com/ask-nestle/maggi-noodles-india-msg-lead-ban-recall/answers/food-safety-nestle>)
2. **Ad –Campaign :** In order to retain and regain the trust Maggi had with its customers, it came up with vehement advertisement in Print as well as Television media with a tagline of ‘Welcome Back’.
3. **Connecting re-launch with the Indian Festival –Dhanteras :** Commenting on the roll out of MAGGI Noodles, Mr. Suresh Narayanan, Chairman and Managing Director of Nestlé India said: “The return of MAGGI Noodles on the auspicious eve of Deepawali and on the day of Dhanteras is a moment of celebration for all of us! MAGGI Noodles has very special relationships and strong emotional bonds with its consumers across the country and I am confident that our bonds will grow even stronger. On behalf of over 7000 Nestlé India employees, I would like to thank all our suppliers, distributors, retailers, and millions of consumers from every corner of India and overseas for their support, love, reassurance, and for being there during our difficult period. MAGGI Noodles rightfully belongs to them and I feel happy to be able to give back to them their familiar taste during the auspicious and festive Deepawali season.”

Over the past 32 years, MAGGI has become the most relevant, trusted and valuable food brand in India. It has understood the changing lifestyles of generations, provided products that the family enjoys and constantly innovated products that add value. The MAGGI Noodles being rolled out now have the same masala taste that the consumers have always enjoyed.

Reassuring the Quality and Trust : Official Website of Nestle India states that with the commencement of sale of MAGGI Noodles Masala today, we will make our best endeavor to reach the product to our consumers at the earliest. We are in touch with our channel partners and distributors

to achieve this. They are enthusiastic about the reintroduction of MAGGI Noodles and are helping us in ensuring that our beloved MAGGI Noodles are available to consumers soon. Separately, Nestlé India is pleased to partner with “Snapdeal” to roll out online offers to mark this special occasion. MAGGI Noodles are 100% safe. The test results from all laboratories mandated by the Hon’ble Bombay High Court has validated Nestlé India’s position that MAGGI Noodles were and are safe. The health and safety of consumers is and will always remain highest priority at Nestlé. Nestlé India is committed to collaborate and work proactively with FSSAI, the apex food regulator, FDA authorities in States and other stakeholders. (Excerpts from Press Release)

Conclusion:

On the basis of above discussion we can say that the entire controversy of Maggi, in a way, led towards assassination of an established brand, no matter, who is responsible for it. Although, the recent spurt in the demand of Maggi after lifting of ban indicates the extent of brand loyalty Nestle India had for its Maggi. However, the company is intensively working on reincarnating the brand by justifying its commitment towards consumers’ safety and answering all the possible questions of customers, journalists and society in general in all its communications. The entire episode leaves behind certain questions for marketers, brand managers and practitioners to answer which is very important not only for Nestle India but also for the companies (established brands) in general.

Points to Ponder: The Entire Controversy leaves following questions for brand managers to ponder:

1. Do you think that all the three major violations (viz; presence of lead in the product beyond maximum permissible limits, misleading labeling information and release of a non-standardised food product in the market without risk assessment and grant of product approval) as reported under the FSS Act against Maggi are the outcome of sheer negligence and irresponsible compliance by the Nestle India or is the outcome of some unknown conspiracy against leading noodle brand ?
2. The Company used the line of ‘No Added MSG’ on its label and the lab report found the presence of MSG beyond permissible limits. In this regard do you find the response like ‘this is the common practice followed by the food industry’ to be appropriate on the part of Nestle India ?
3. The question comes, if the Product was totally safe why did Nestle recalled the product in place of retaliating to the allegations raised against it?
4. What alternative response (by Nestle) do you suggest which could have minimized the extent of loss in terms of profit as well as brand value to Nestle?
5. What regulatory gaps do you find in the provisions of FSS Act 2006 ? Don’t you think that had the Authorities in the State of Uttar Pradesh not raised the issue of MSG, this could have continued for inevitable period of time and the consumers have continued the consumption of the product and staying relaxed with the fssai approval sign on its label ?

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