

“IT IS TIME TO ADAPT TO CHANGING CONSUMER NEEDS”

BERNARD MEUNIER,
COUNTRY HEAD
FOR NESTLÉ SPAIN
AND PORTUGAL

IESE HAS DESIGNED A
CUSTOM LEADERSHIP
PROGRAM FOR NESTLÉ
AIMED AT PREPARING
THE COMPANY'S FUTURE
LEADERS FOR THE
CHALLENGES OF AN EVER-
CHANGING WORLD.

Bernard Meunier, country head for Nestlé Spain and Portugal, describes how his company is adapting to meet changing consumer needs during this period of uncertainty. Meunier, who talks of the rise of a “new consumer,” highlights the need to develop new offers in the consumer goods industry as well as carry out exhaustive studies of each market in order to anticipate and address their future needs.

As Nestlé's Country Head for Spain and Portugal, you are leading the company's efforts in one of the three European markets most affected by the economic downturn (Spain, the U.K. and Ireland). Prior to this, you lived through the 1998 ruble crisis in your leadership role at Nestlé's Russia and Eurasia division. What did you learn from your first experience of managing in a crisis that you can apply to this downturn?

In a crisis, the most important thing is to act, quickly and in the right direction. Doing nothing is the surest way to suffer the full impact of the deterioration of the environment. Not all decisions will be correct, and therefore it is essential to constantly monitor the impact of these decisions on our performance, and correct those that do not give the expected results or go in the wrong direction.

For this we need to get closer to our clients and consumers, understand how much they are changing as a result of the crisis, and share within the company this information in real time, through more frequent, direct and concise communications.

In essence, we need to get closer to the market, communicate better and faster, and act decisively, whilst continuously monitoring the impact of our decisions.

What is different about this crisis and how is Nestlé responding to it?

This crisis is unprecedented in Spain, coming after more than 15 years of sustained growth in the economy and in private consumption. It is changing the way consumers look at what they buy, where and how they shop. The con-



sumer has changed more in the last 12 months than in the previous five years.

We need to adapt our offer of products and services to this 'new consumer', better differentiating our products from the competition, reinforcing the quality/price perception of our offer, and giving to consumers the full benefit of our superior R&D capabilities in the form of higher nutritional values for our foods and drinks.

What is Nestlé's strategy with respect to private labels?

It is our task to convince the consumer that our products are superior in terms of quality, taste and nutritional profile – what we call at Nestlé the 60/40+ approach. There is obviously little future for national brands that are undistinguishable from retailer brands and charge a 50% premium without clear justification. At the same time, we should not limit our offers to the middle and high price segments of the market, and we will increasingly focus our efforts on developing offers in the 'economy' segment of the market, with the launch of Popularly Positioned Products, or PPP as we call them.



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**IESE
CUSTOM PROGRAMS**

- Strong collaborative relationship between IESE and the company.
- Outstanding performance delivery.
- Personalized attention.

OUR MANAGERS NEED TO QUICKLY ASSUME LEADERSHIP ROLES IN A “BUSINESS UNUSUAL” ENVIRONMENT AND IESE (THROUGH ITS CUSTOM PROGRAM) HELPS THEM UNDERSTAND OUR MULTIFACETED CORPORATE CULTURE.

BERNARD MEUNIER A LIFE AT NESTLÉ

A Belgian graduate of economics, Bernard Meunier has built a highly successful career within the Nestlé Group. After working for two years as marketing advisor at AC Nielson, he joined Nestlé Benelux in 1985 as brand manager and in 1987 was appointed sales manager. In 1990, he transferred to the group's headquarters in Vevey (Switzerland), where he was made senior marketing advisor for Coffee and Beverages. In 1992, as director of marketing for Nestlé Hungary, Meunier put in place an effective structure for the marketing functions and introduced a highly effective management culture and system within the Hungarian division. In 1996, when he moved to Nestlé Russia,

Meunier oversaw the implementation of a similar marketing structure at the newly-created organization. From January 1998, he served as sales director for Nestlé.

In 2000, Meunier was placed in charge of the general management of Nestlé Hungary and between May 2003 and March 2005 served as head of the non-household division of Nestlé France as well as president of Davigel, an affiliate of the Nestlé group. In April 2005, he was appointed chief executive of Nestlé Russia and later went on to assume control of all the group's businesses in Eurasia.

On November 1, 2008 Meunier was appointed country head of the Nestlé Group for Spain and Portugal, whose headquarters is located in Spain.

Nestlé has a wide range of products in its portfolio, from Perrier mineral water to Friskies dog food. Does Nestlé have any plans to increase visibility of the company's umbrella branding?

We do more than half our sales with products that are marketed under the Nestlé corporate brand, such as Extrafino, Nesquik or Nidina. But we also have a rich portfolio of independent corporate brands such as Nescafé and Nesquik, which enjoy high awareness and appreciation. The link between all our products and the Nestlé corporate branding is ensured through the seal of guarantee and the nutritional compass at the back of all labels. However some brands such as Friskies, Perrier or Buitoni do not boast the Nestlé nest on their back labels as their brand essence would not benefit from such a direct link.

This being said, millions of consumers visit our www.nestle.es web site each year where the full range of brands and products is clearly visible. As we multiply the points of contact with our consumers' online (mails, web sites, on-line videos) the link in our consumers minds between Nestlé and all its brands grows by the day.

The global economic crisis has prompted a period of introspection on the part of lawmakers, governing bodies and consumers. Does Nestlé expect to see a greater interest on the part of consumers in socially conscious products that are organic and/or fair trade? If so, how does Nestlé plan to respond to this?

At Nestlé we have a strategic integrated approach to CSR called Creating Shared Value which stands for the fact that while creating value for our shareholders we also create value for society. This approach, all the more important in times of crisis, is highly valued by consumers and opinion leaders, and contributes to our solid corporate reputation. We have developed a plan to communicate it in a more proactive way in the months and years ahead.

Nestlé is a Swiss company and yet consumers may not be aware of this. Switzerland has positive connotations for many consumers in respect to good design and a clean, orderly environment. Yet Nestlé has chosen not to exploit this. Why do you think this is so?

We are proud of our Swiss heritage and never conceal it. At the same time, we are also very proud that in many of the countries in which we operate a majority of consumers believe that the company originates from their own country. That's the case for example in the U.S., in the U.K., in France, and to some extent in Spain. This proves how well we have integrated into the national landscape and how relevant our brands and products are for the local consumers. It obviously helps that we have been in Spain for 104 years! When it comes to food and nutrition, consumers attach a high value to culture and traditions. Food is largely local, and adapting our recipes to local taste has always been an intrinsic part of our winning formula.

IESE runs the Advanced Leadership custom program for Nestlé's Future Leaders. Where do you see the benefit of this program as a newly installed chief executive?

The Nestlé Advanced Leadership Program is designed to accelerate the preparation of Nestlé Spain and Portugal's



THE KEY TO BEING SUCCESSFUL IN TODAY'S GLOBAL ECONOMY IS TO DEVELOP A HIGH CULTURAL AND EMOTIONAL ADAPTABILITY.

future leaders for the challenges facing them, in a fast-changing world. Our managers need to quickly assume leadership roles in a “business unusual” environment and IESE helps them understand our multi-faceted corporate culture by being exposed to other business models. It also gives participants who have been given new people management responsibilities an insight in their personal leadership style and new skills to motivate their teams.

As a Belgian who has worked for a multinational company in his home country, Russia, Hungary, France and Spain, what do you believe are the keys to working successfully in today's global economy?

Being born and raised in a multicultural country at the heart of Europe has been an inspiration. I always wanted to grow beyond the borders of my small native country and experience working in diverse social and cultural environments. I chose to work for Nestlé because I knew this company would give me the opportunity to do so if I could prove my worth.

I believe the key to succeed in today's global economy is to develop a high cultural and emotional adaptability. Understanding a different culture, coming to like it and keeping a good personal balance allow you to both enjoy and succeed in a foreign environment. And multiplying experiences in various countries gives you an invaluable vision of the globalized world and a definitive edge over those that have always worked in the same location.