



اَوْنِيُوْرْسِيْتِي تِيكْنُولُوْجِي مَارَا

UNIVERSITI TEKNOLOGI MARA

# Report Of Nestle (Corporate Social Responsibilities)

Organizational Behavior

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## **History Of Nestle**

Nestlé was founded in 1860. In the 1860s Henri Nestlé, a pharmacist, developed a food for babies whose mothers were unable to breastfeed. His first success was a premature infant who could not tolerate his own mother's milk or any of the usual substitutes. The value of the new product was quickly recognized when his new formula saved the child's life, and soon, Farine Lactée and Henri Nestlé was being sold in much of Europe. In 1905 Nestlé merged with the Anglo-Swiss Condensed Milk Company. By the early 1900s, the company was operating factories in the United States, United Kingdom, Germany and Spain. World War I created new demand for dairy products in the form of government contracts. By the end of the war, Nestlé's production more than doubled.

After the war, government contracts dried up and consumers switched back to fresh milk. However, Nestlé's management responded quickly, streamlining operations and reducing debt. The 1920s saw Nestlé's first expansion into new products, with chocolate the company's second most important activity. Nestlé felt the effects of World War II immediately. Profits dropped from US\$20 million in 1938 to US\$6 million in 1939. Factories were established in developing countries, particularly Latin America. Ironically, the war helped with the introduction of the company's newest product, Nescafe, which was a staple drink of the US military. Nestlé's production and sales rose in the wartime economy. The end of World War II was the beginning of a dynamic phase for Nestlé. Growth accelerated and companies were acquired. In 1947 came the merger with Maggie seasonings and soups. Crosse & Blackwell followed in 1950, as did Findus (1963), Libby's (1971) and Stouffer's (1973). Diversification came with a shareholding in L'Oreal in 1974. In 1977, Nestlé made its second venture outside the food industry by acquiring Alcon Laboratories Inc.

In 1984, Nestlé's improved bottom line allowed the company to launch a new round of acquisitions, notably American food giant Carnation and the British confectionery company Rowntree Mackintosh in 1988, which brought the Willy Wonka Brand to Nestlé.

The first half of the 1990s proved to be favorable for Nestlé: trade barriers crumbled and world markets developed into more or less integrated trading areas. Since 1996 there have been acquisitions including San Pellegrino (1997), Spillers Pet foods (1998), and Ralston Purina

(2002). There were two major acquisitions in North America, both in 2002, in June, Nestlé merged its U.S. ice cream business into Dreyer's, and in August a US\$2.6 billion acquisition was announced of Chef America, the creator of Hot Pockets. In the same time frame, Nestlé came close to purchasing the iconic American company Hershey's, though the deal fell through. Another recent purchase includes the Jenny Craig fitness firm for US\$600 million.

In December 2005 Nestlé bought the Greek company Delta Ice Cream for €240 million. In January 2006 it took full ownership of Dreyer's, thus becoming the world's biggest ice cream maker with a 17.5% market share.

In November 2006, Nestle purchased the Medical Nutrition division of Novartis Pharmaceutical for \$2.5B, also acquiring in 2007 the milk flavoring product known as Ovaltine. In April 2007 Nestlé bought baby food manufacturer Gerber for \$5.5 billion.

Some people in the English-speaking countries pronounce *Nestlé's* IPA: */'nɛsəlz/*, as in the English verb **nestle**. This was the pronunciation used in company merchandising in Australia and the UK for much of the 20th centuries. Nestlé has a wide range of products across a number of markets including coffee (Nescafe), water, other beverages, ice cream, infant foods, performance and healthcare nutrition, seasonings, frozen and refrigerated foods, confectionery and pet food.

**Product**



