



Study of Noodle Debacle in India:

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Abstract

Maggie, a well renowned brand famous for 2-minute instant noodles in India had lost its trust, gleam and loyalty among consumers due to the presence of monosodium glutamate and dangerous levels of lead in its products as tested by FSSAI. The favourite 2-minute food faced ban from Government authorities all over India. I have conducted this research to find out the truth behind "Taste bhi, Health bhi", "Fast to cook, Good to eat" tagline of the comfort snack.

Keywords: Maggi, MSG, Nestle Company, Noodles

Introduction

Maggie, is an international brand of instant noodles, seasonings and soups owned by Nestle since 1947. The original company was set up by Julius Maggi in Switzerland in 1885 and merged with Nestle family in 1947. Maggie was the first to bring protein rich legume meals followed up with ready made soups in the market. Nestle introduced Maggie instant noodles in India in 1982 when Indian consumers were conservative in their food habits. But today after a decade Maggie accounts for nearly 90% market share after being positioned as a "convenience product" and it has emerged as a favourite snack of the population of India. But the trust of consumers has been shaken due to presence of monosodium glutamate and dangerous excessive level of lead in its products.

Need of the study

Maggie 2-Minute instant noodles disruptive commotion had led to a sort of confusion in the whole country. This was the India's worst food shock after pesticide controversy of aerated drinks. The scare over Maggie Noodles has

effected various sections of the society. So, the research is required to assess the extent Maggie Row has impacted India so that remedy plans for future are prepared accordingly.

Statement of the problem

Nestle's famous brand Maggie 2-minute noodles defaulted on FSSAI (Food Safety and Standards Act) regulations owing to the presence of lead above the permissible limits of 2.50 parts per million. Secondly, They gave misleading information on the labels "No added MSG". Thirdly, Introducing a non standard food product: Maggie oats masala noodles with taste maker" in the market without approval. The Nestle India controversy these days have become an eye opener for many on one hand it shows that we Indians easily believe on what is said and not on what the reality is, it is very easy to be fool innocent consumers and make millions and billions of money. Many literate consumers also do not bother to read the ingredients except the expiry date or price on the pack which is their prime concern and it results because of the blind-folded faith in the brand. Even for the past more than



25 years our government, its officials were least bothered about the Indian masses. Till today the things have turned against Nestle India, which has landed the company to its dismal fate. This study helps us to study the debacle of a food giant in India.

Objectives of the Study

The paper focuses on the Maggi noodles controversy hence the main aim of the paper was :

- To study the history of Nestle and its beginning in India.
- To examine the main cause of the Maggi crisis.
- To find out the impact of Maggi controversy in India.

Research Methodology

To Study the case of Maggi noodles secondary data is used here. The data has been collected from various websites like Wikipedia, nestle.org, reuters.com, www.dnaindia.com, etc. and newspapers like Business Standard, Economic Times, The Tribune, etc. and on line journals . Television channels debating about the issue and responses of the consumers interviewed by them also proved useful for this paper.

Discussions

1. History of Nestle And Beginning of Maggie In India

Noodles originated from China as early as 5000 BC. Noodles were also available in the Indian menu since times immemorial better known as 'sevian'. In the year 1872, in Switzerland, Julius Michael Johannes Maggi inherited his family business and made a revolution by producing appliances producing powdered flour from dried and roasted legumes.

The purpose behind it was to provide nutritional instant food solutions to the poor worker families. He also gave a revolutionary recipe that changed of flavours, which proved a great success. Maggi was the first to bring protein-rich legume meal to the market, and followed up with a

ready-made soup based on legume meal in 1886. In 1897, Julius Maggi founded the company Maggi GmbH in the German town of Singen.. In the year 1947 Maggi Company merged with its holding company, Nestle, founded by Henry Nestle in 1866 in Vevey in Switzerland, and formed Nestle S.A. Instant noodles were invented by Taiwanese-Japanese inventor Momofuku Ando in Japan and were first marketed on 25 August 1958, by Ando's company, Nissin, under the brand name 'Chikin Ramen'. In 1982 Nestle Global introduces Maggi brand in India through Nestle India Limited. In 1983 Maggi instant noodles were launched with Maggi two minutes noodles concept in masala, chicken and curry flavours, which had a complete sweep over Indian market. In 1990 sales of Maggi declined as Top Ramen, noodles brand of Indo Nissin group entered India. In 1997 to meet the increased competition from other noodles brand in the market Maggi changed its formulation, i.e. taste and flavour of ingredients, the biggest folly committed by the company. It led to further declining of sales. In 1999 Maggi returned to the original formulation which helped in reviving the declining sales. In 2000 Nestle India took up the Health Mantra as the main focus area and started developing health and wellness products, even the punch-line became 'Taste bhi, Health bhi' in synonym with Nestle Global company



motto of 'Good Food, Good Life'; to further promote the health caring concerns of the company. In 2006 Maggi introduced Maggi Vegetable Atta noodles as a health product containing protein supplement. It later also introduced other versions of indigenous flavour like dal atta noodles but were not much successful as masala flavour. In 2009 Nestle India launched Maggi Rasile Chow gravy noodles keeping in mind the low income group consumers like Dharavi slum dwellers, and the micronutrient malnutrition in India, just for rupees four per pack. By the year 2010 Maggi noodles was fully surrounded by the various opponents giving tough competition like Yippee noodles of ITC's Sunfeast, Foodles of GlaxoSmithKline's Horlicks, Knor soupy noodles of Hindustan Unilever and Tasty Treat noodles of Big Bazaar. Later Capital Foods launched Smith & Jones instant noodles and Chings also entered the market.

2. Main Cause of the Maggie Stumble

The debate is all about health and wellbeing of Indian consumers. MSG and lead are the main culprits in the controversy. The presence of these two contents in Maggi products have brought them under the scanner of FSSAI. MSG i.e. Monosodium Glutamate MSG, is a form of concentrated salt added to foods to enhance the flavour. This salt version of glutamic acid is an amino acid the body can produce on its own but the processed MSG found in the processed food products can cause many adverse reactions, including skin rashes, itching, , nausea, vomiting, migraine headaches, heart irregularities, and depression. Maggi 2-minute noodles in India contains hydrolysed groundnut protein, it contains MSG which is used as a flavour

enhancer, which is made using Bactosoytone, itself made from soy protein using a catalyst enzyme porcine (taken from intestine of Pig). People have been eating glutamate rich foods throughout the world. USA FDA (Food & Drug Administration) considers the addition of MSG to food to be generally recognized as safe (GRAS). The problem here is stamping on Maggi products of 'No added MSG'. It was misleading and in violation of the FSS (Packaging & Labeling) Regulation 2011. Another problem is the presence of lead content to 17.2 ppm in the noodles that is beyond the maximum permissible limit of 2.50 ppm. This is a matter of serious concern . Lead accumulates in the body and also gets absorbed quickly when taken on empty stomach. It can cause mental injury, learning difficulties, low IQ, growth delays, etc in children . Under FSS (Food Safety & Standards) Act, every manufacturer has the responsibility to ensure that the food that he sells confirms to the standards prescribed under the law. But as the consumer faith on the product was completely shaken hence the company took the major historic step of recalling all the Nestle noodles Maggie nine variants back and to return after sometime to gain back the customers trust and confidence which the company enjoyed for 25 years in India.

3. Impact of Maggie Controversy In India

Nestle has been a major food giant in India for last 25 years. Maggi noodles entered the households as fun food but captured Indian palate and the consumers developed an emotional bond with it and it was an essential ingredient of any household kitchen..It became omnipresent, available with hawkers to hotels, hilly areas to islands, high-tech cities to underdeveloped villages. Maggi



noodles sales had been hit hard when it was revealed that the samples tested by Government lab contained MSG and lead beyond permissible limits. The brand Maggi which has become the generic name of noodles in India, had therefore also witnessed a severe dent in its popularity and image.

1. More than 1500 workers associated with the process of manufacturing of Maggi in India had been affected by the termination of production after a ban on Maggi was imposed. Company had not fired any of its permanent workers but had engaged them in other activities like training, team building exercise, etc. Hundreds of contractual workers had lost their jobs due to discontinuance of Maggi production.

2. Due to the ban on Maggie, the production of Maggi had stopped and thus, the suppliers had also been hit. Suppliers had to look for new customers after the ban on Maggi. Nestle India's largest supplier of spices, Moga based Paras Spices Ltd., had already ended the services of some of the workers out of 200 temporary employees. Due to Maggi ban, Paras Spices Ltd. has received a serious jolt as Nestle's Maggi used to be its only major client consuming about 45% of its production i.e. around 200 tonnes of spices per month.

3. The Maggi row had even shown its impact on the the share market. The crisis had made the investors bearish. Since BSE Sensex is considered as the best indicator of the economy's position. So, taking BSE Sensex as the base, position of Nestle India Ltd. had been studied. Earlier during the year, the Nestle India Ltd. had performed better

its growth rate was better before the ban on Maggi was imposed on June 5 2015.

4. The Indian consumers were ignorant about the ingredients of the packaged food.. They would check MRP (Maximum Retail Price) and manufacturing and expiry date and not more than that. But after the Maggi row, the eyes of consumers have opened up and they have understood the importance of checking the ingredients of the products also and check the quality of food they are eating. Evidence had been seen as most of the people discarded the consumption of Maggi noodles all over the country leading to a decline in sales of Maggi noodles.

5. The instant noodles market is estimated at about INR 2500 crores. Maggi noodles capture more than 80% of the market share. Losses due to safety concerns were INR 320 crore as a result of recalling and destroying Maggi. Maggi issue had also affected the sale of other Nestle products like Tomato Ketchup and soups. Nestle revenue had been hit badly due to Maggie ban. Maggi also \$200 million in brand value after imposition of ban on Maggi.

6. A brand ambassador plays an important role in endorsing a product to the consumers and the demand is affected a lot by, who is endorsing the product. In case of Maggi also, Amitabh Bachchan, Preity Zinta and Madhuri Dixit are the brand ambassadors whose fan following had resulted in more favourable response of consumers towards Maggi. When the Maggi row had blared up, it has also put its brand ambassadors, along with the company officials, in trouble as a brand ambassador endorsing the product in the



advertisement is also equally responsible for making the consumers fool.

Conclusion

The Maggie controversy has surely increased awareness among consumers. It also pressurised the other food product giants to move cautiously by abiding to the norms of Food and Safety regulatory norms. Some Maggi lovers opine that it was a political gimmick of BJP government to encourage the sales of Indian Tobacco Company's brand Sunfeast Yippee noodles or to encourage 'Make in India by Indians'. Baba Ramdev too had announced to introduce noodles product free from any harmful ingredient. On social networking sites Maggi noodles had become a major issue. It is rightly said one can do anything but only if God and Time permits. Those who fail to analyse the happenings in the surroundings become losers and those who accommodate and adjust according to time rule the world. The controversy started igniting last year but no officials of Nestle India paid heed to do the necessary rectification resulting in a big loss for the company. Health is of prime concern for everyone. It is very difficult to restore the lost faith because the trust on Maggie has been shaken badly. Repositioning their brand in India again is the major challenge before Nestle Global. But for sure 'Good Food, Good Life' had been beaten badly by the Nestle company.

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