

Final Project: Nestlé Needs Ethical Reform Now

Hilda Chang

Southern New Hampshire University

MKT 675: Ethical & Legal Issues in Mkt

Dr. Jessica Rogers

March 6, 2022

Introduction

Ethical and legal marketing tactics have become a source of heavy scrutiny in recent decades. Companies that implement questionable practices risk facing bad publicity, consumer outrage, loss of revenue, and legal actions. Nestlé is a historic example of how a company's unethical practices can have repercussions that last decades. This paper aims to identify Nestlé's modern unethical marketing practice, analyze current marketing strategies, and examine relevant contexts to determine the root cause of modern issues. The analysis will review Nestlé's past and present marketing practices to create a cohesive timeline that provides context to the company's response and culture. Based on the discoveries, recommendations will be made for how the company should strengthen ethical compliance in competitive intelligence, pricing, and promotion of safe products. The final portion will provide a communication outline of how to properly distribute the findings and recommendations to corporate leadership and predict the effects on marketing decisions.

Company Profile

Nestlé S.A. is the largest global manufacturer of packaged food and beverages. Nestlé's headquarters are in Vevey, Switzerland, but its reach extends across Asia, Oceania, sub-Saharan Africa, the Americas, Europe, the Middle East, and North Africa. Nestlé markets itself as a nutrition, health, and wellness company, with an extensive brand and product portfolio. "It offers these products under seven categories, including powdered and liquid beverages, water, milk products and ice cream, nutrition and health science, prepared dishes and cooking aids, confectionery and pet care" (MarketLine, 2021). These categories commonly sold products are baby foods, breastmilk substitutes (BMS), bottled water, cereals, chocolate and sweets, coffee, culinary products, chilled and frozen foods, dairy products, drinks, nutritional products, ice-

cream, weight management, and pharmaceutical products. Popular Nestlé-owned brands are Maggi Noodles, Nescafe coffee, Boost nutrition drink, Gerber baby food, Kit Kat chocolate bars, Dreyer's ice cream, Poland Spring bottled water, and Purina pet food.

Nestlé's success stems from its diverse brand portfolio and large territory presence. In 2020 the company recorded a net margin of 14.5%, compared to 13.6% in 2019 (MarketLine, 2021). Nestlé's large brand portfolio mitigates business risk in a highly competitive food and beverage industry. "The company faces competition from national, regional, and local companies. Nestlé's major competitors include Conagra Brands, Inc., Danone SA, Kellogg Company, Mondelez International, Inc., Unilever Plc and PepsiCo, Inc." (MarketLine, 2021). Major U.S.A competitors include Arcor U.S.A., Chobani, LLC, ConAgra Foods, Inc., Dean Foods Company, Del Monte Foods, Inc., Mars, Incorporated, and The Hershey Company. Nestlé faces increasing market pressure as several competitors pursue expansion or acquisition to strengthen brand positioning.

Infant Formula Background and Context

Nestlé's nutrition and health science division is one of the company's most successful segments and an integrated part of the company's original history. Nestlé's largest contribution to society is the commercialization of instant powdered baby formula that does not require cow's milk. "In contrast to Leibig's Food, Nestlé's formula was diluted with water only, requiring no cow's milk to prepare, and thus was the first complete artificial formula available in this country" (Schuman, 2003). Henri Nestlé developed infant formula in 1867 to combat high mortality rates among infants (Nestlé, 2022). In 1866 the Nestlé company merged with Anglo-Swiss condensed Milk company, a U.S.-based corporation, and created the Nestlé Group Company. The company briefly enjoyed a period of prosperity before WWI began affecting the

distribution, and the company was forced to surrender fresh milk supplies to Switzerland (Nestlé, 2022). Nestlé signed government contracts to aid war efforts and supplied European forces with chocolate, condensed milk, and BMS. Nestlé used war efforts to quietly increase production, create a culture that prefers BMS products and reach new developing nations/ colonies. From the 1900s until the 1950s, western and colonial doctors frequently recommended bottle-feeding to women and believed it was highly effective at preventing diseases in tropical and semitropical countries. “By the 1920s, bottle-feeding had become part of colonial policies for combating infant mortality in a number of areas, including colonial Malaya, the Belgian Congo, Sudan, French West Africa, Vanuatu and Fiji, and the Philippines” (Sasson, 2016). Various formula companies, including Nestlé, capitalized on the cultural attitude that views instant formula and breastmilk substitutes as lifesaving innovations and premium Western products. Nestlé dominated the market by 1920 and had over 80 factories and 300 sales offices, depots, and agencies worldwide (Baker et al., 2021).

After WWI ended, Nestlé faced a financial crisis as demand for milk ceased, and prices fell. In 1922 the Nestlé administration was centralized, and research was consolidated at one laboratory in Vevey, Switzerland, to help the company survive (Nestlé, 2022). At this time, many experts hypothesize that Nestlé’s unethical expansion into developing nations became extremely aggressive as the company kept up with globalization. In 1939 just as WWII threatened Nestlé’s European distribution again, the company relocated managers to Stamford, U.S., and began mitigating revenue loss. Nestlé expanded production in Latin America and relied on American and Australian factories to supply Africa and Asia while European exports were halted (Nestlé, 2022). After WWII ended in 1945, Nestlé was in a leadership position to commence product convenience development in hopes of reaching new markets. By the 1970s,

Nestlé owned between 30% to 50% of the world's BMS market with almost no market shares in the United States (Baker, 1985). New Internationalist was first to publish an exposé on Nestlé's marketing practices. The article "Babies Mean Business" described how the company got Third World mothers hooked on baby formula (Krasny, 2012). However, "The Baby Killer" booklet published in 1974 by London's War on Want organization was the main driver behind public outcry, boycotts, and lawsuits (Krasny, 2012). Nestlé wasn't happy with the negative publicity and sued a War on Want publisher to dismiss claims and quell criticism. (Krasny, 2012).

In 1975 at the height of the controversy, Nestlé led eight BMS companies to establish the International Council of Infant Food Industries (ICIFI), a lobbying group that suppressed public health opponents and consumer protests (Baker et al., 2021). In response to public outcry, Senator Edward Kennedy held a series of U.S. Senate Hearings regarding the industry leader's marketing practices. International meetings with World Health Organization, UNICEF, and The International Baby Food Action Network, eventually led to the creation of *The International Code of Marketing Breast-Milk Substitutes* in 1981. The WHO Code created legal guidelines to prevent BMS marketing from undermining breastfeeding practices and established that breastmilk is indisputably superior to BMS. The ICIFI and government support lobbied to weaken the WHO Code, but it eventually became part of the World Health Assembly (WHA), the world's highest health policy-making body with 118 member states voting in favor, three abstaining, and the U.S. vote against (Baker et al., 2021). Nestlé reluctantly complied by signing an agreement with the Nestlé Boycott Committee and pledging to implement the WHO/UNICEF code. "In 1984, three years after the code had been adopted, the company agreed to implement it, signing an unprecedented agreement with its non-governmental critics, and thereby ending a seven-year international consumer boycott of its products" (Sasson, 2016). The famous "Baby

Killer” boycott ended in 1984 after Nestlé signed the WHO Code but later resurfaced with new unethical marketing allegations against Nestlé, citing noncompliance and false advertising. Nestlé’s troubled background with infant formula demonstrates how the company used its resources to ensure the success of its original product category. The full Nestlé Infant Formula Scandal timeline pieced together from individual research can be found in Appendix A. It provides an additional context of the company’s challenges and what Nestlé did in response.

Unethical Marketing Practices

The Nestlé infant formula scandal is a notorious and well-documented marketing atrocity that reminds the world why ethical compliance is important. The invention of instant baby formula is a lifesaving measure for single fathers and women who cannot breastfeed. However, while Nestlé has expanded access to a potentially lifesaving product, the company’s early marketing tactics are considered highly unethical, especially since the initial formula lacked major nutritional value that pediatricians declared essential for survival.

The First Scandal

Nestlé’s original formula consisted of malt, cows’ milk, sugar, and wheat flour and had to be prepared with clean drinking water, which many developing nations struggle to access. In the 1970s, Nestlé faced allegations of predatory advertising practices that were causing women in developing nations to become dependent on an expensive formula that did not provide basic nutritional value and subsequently led to a rise in infant mortality. “Nestlé, the Swiss food conglomerate, was subject to consumer boycotts in the 1970s because of its marketing of powdered milk formula for infants in less developed countries. Free samples were distributed at maternity units, and by sales representatives dressed as quasi-medical personnel” (Boyd, 2012). Nestlé “milk nurses” were sales representatives dressed as nurses that provided inaccurate

breastfeeding information to mothers in maternity units and supplied them with free samples. The free sample sizes would last the mother long enough to ween the child off breastmilk and cease milk production, keeping the child dependent on Nestlé's expensive instant formula. Additional predatory practices included sending milk nurses to new mothers' homes unannounced to sell baby formula and subsidizing hospital supplies in exchange for formula advertisement and product promotion.

Using predatory marketing practices to sell the expensive formula to illiterate mothers in developing nations is unethical. In 1981 the United States Agency for International Development official, Dr. Stephen Joseph, blamed instant formula for millions of infant deaths due to malnutrition and diarrheal diseases. "He and many other physicians argue, however, that most third-world women cannot use formula safely and that, as a result, their babies become seriously ill and malnourished. They also charge that aggressive marketing of formula has contributed to a vast shift away from breastmilk, the safest and most nutritious food for infants" (Solomon, 1981). Nestlé's marketing atrocities resulted in multiple lawsuits, boycotts, and investigations that eventually led to the creation of The International Code of Marketing Breast-Milk Substitutes in 1981. Unfortunately, many companies, including Nestlé, continue to violate the ethical code in developing nations that have not adopted it or are unlikely to reinforce it.

Modern Ethical Violations

The international marketing code banned many of Nestlé's initial sales practices, but as time progressed, Nestlé began shifting its marketing tactics to reach new consumers. Recent marketing violations included accusations from the British Medical Journal of predatory marketing practices in west Africa. "Makers of baby formula are violating international marketing codes by giving free samples and gifts to health workers to promote their products in

poor African countries” (Dairy Markets, 2003). In 2003, researchers from the British Medical Journal reported Nestlé was advertising formula products to improve health while concealing the health hazards of breastmilk substitutes in Togo and Burkino Faso (Dairy Markets, 2003). Various organizations also plan annual Nestlé boycotts over false advertisement claims. In 2010, “Baby Milk Action held an annual boycott demonstration at Nestlé’s U.K. H.Q. in Croydon to highlight how the company has rolled out logos on products in 120 countries claiming its milk ‘protects’ babies” (Blythman, 2010). In 2018, Changing Markets Foundation reported multiple code violations regarding false nutritional advertising. “The study, which analyzed over 70 Nestlé baby milk products in 40 countries, also found that Nestlé often ignored its own nutritional advice in its advertising” (Neslen, 2018). Nestlé used the phrases “closest to,” “inspired by,” “following the example of,” and “an identical structure,” when comparing itself to breastmilk which violated World Health Organization guidelines. South African infant milk formulas use sucrose, while Brazilian and Hong Kong formulas are marketed as sucrose-free “for baby’s good health.” “In Hong Kong, Nestlé promoted its baby milk powders as healthier – because they were free from vanilla flavorings – even as it sold other vanilla-flavored formulas elsewhere in the territory” (Neslen, 2018). Nestlé has an extensive list of ethical marketing violations that began in the 1930s and persist today.

Ethical Norms and Values

Nestlé’s marketing tactics violate all American Marketing Association’s (AMA) ethical norms and values. According to the AMA, the three ethical norms are: do no harm, foster trust in the marketing system, and embrace ethical values (AMA, 2021).

Do No Harm

The biggest Nestlé violation of AMA ethical norms is “do no harm.” “This means consciously avoiding harmful actions or omissions by embodying high ethical standards and adhering to all applicable laws and regulations in the choices we make (AMA, 2021). According to the United Nations Children’s Fund (UNICEF), at the time, 11 million babies died from malnutrition, disease, and misinformation (Solomon, 1981). Nestlé’s formula carried no nutritional value, but the company aggressively undermined breastfeeding efforts and pushed the idea that the “scientific” product would help prevent malnutrition and disease. “Critics of Nestlé’ argued that persuading mothers to switch to formula feeding could cause infant deaths in three ways: 1. babies were unprotected against illness because they did not receive the essential antibodies contained in breastmilk; 2. mothers were either ignorant of the need to use sterilized water, or could not afford to boil water, and thus prepared infant formula with contaminated water, and; 3. mothers could not afford the price of the product and saved money by diluting the amount of formula in each feed, causing malnutrition” (Boyd, 2012). Nestlé’s predatory marketing practices persuaded thousands of uneducated mothers to feed their children instant formula until they died of starvation.

Nestlé intentionally violated the AMA’s do no harm value by using its influence as market leader to create and take advantage of misleading Western ideology that undermines breastfeeding practices. It is a universal conclusion that breastmilk is the best nutritional food for infants that provides unparalleled benefits that change with the child. “It has a nearly perfect mix of vitamins, protein, and fat -- everything a baby needs to grow. Breastmilk contains antibodies that fight off viruses and bacteria. Breastfeeding lowers the baby’s risk of having asthma or allergies. Plus, babies who are breastfed exclusively for the first 6 months, without any formula, have fewer ear infections, respiratory illnesses, and bouts of diarrhea” (Taylor, 2020). It has been

proven that babies who only consume breastmilk are healthier than babies who rely on formula. Undermining breastfeeding practices is causing unjustifiable harm to children in the most vulnerable markets. Nestlé amplifies the harm done to these communities by using a premium pricing strategy to sell the expensive product in emerging markets that do not have the same economic stability as industrial nations. Nestlé willingly violates the do no harm ethical norm by profiting from outdated cultural attitudes it established and implementing unethical marketing practices to further undermine breastfeeding among vulnerable communities.

Foster Trust

In addition to intentionally harming babies, Nestlé also violated the AMA ethical norm of fostering trust in the marketing system. “This means striving for good faith and fair dealing so as to contribute toward the efficacy of the exchange process as well as avoiding deception in product design, pricing, communication, and delivery of distribution” (AMA, 2021). Nestlé is responsible for creating one of the biggest misinformation campaigns that led to international marketing reformation for breastmilk substitutes that clearly outlines illegal marketing practices. Nestlé violated consumer trust in the marketing system by implementing predatory practices in developing nations with poor education. “Nestlé accomplished this in three ways, said New Internationalist: 1. Creating a need where none existed, 2. Convincing consumers the products were indispensable, 3. Linking products with the most desirable and unattainable concepts—then giving a sample” (Kransy, 2012). Nestlé used deceptive marketing techniques like false nutritional claims, lobbying against unfavorable regulations, and inflammatory pricing to create an unfair exchange process that favors shareholders rather than consumers. The unethical marketing practices caused many consumers to boycott the brand and file lawsuits.

Nestlé has evaded taking corporate social responsibility for any unethical formula marketing practices throughout the company's history. The following are corporate statements on the company's website that indicate how Nestlé evades direct responsibility. "Whilst Nestlé actively seeks to make formula as close to breastmilk as scientifically possible, we reject any suggestion that we claim infant formula is equal to or better than breastmilk. As the Save the Children report states, there are numerous social and economic factors influencing infant formula usage worldwide that are not due to the actions of manufacturers alone. An important element not mentioned in the report, that we believe is key to improving infant nutrition, is the need to pay more attention to inappropriate foods fed to some infants in the first six months, when they are neither breastfed nor formula fed" (Nestle, 2022). Nestlé has never publicly acknowledged its role in the 1970s formula scandal and continues to shift responsibility to government regulations, unhealthy consumer habits, or product misuse. Nestlé's response to criticism demonstrates that the company's priorities are profits, not safety or consumer satisfaction. Nestlé's public use of corporate powers has further eroded trust in the marketing system. Instead of addressing allegations, the company discredits prominent members in government, nonprofit organizations, and the scientific community to retain its profitable position as the industry leader. Critics scrutinize how the company uses unethical profits to fund biased research, lobbies against new regulations, and creates conflicts of interest in key nutritional advisory boards. Nestlé's long history of predatory practices and reluctance to acknowledge responsibility creates negative public relations that further erode the consumers' trust in the marketing system.

Ethical Values

Nestlé managed to violate all the AMA's ethical values. AMA ethical values include honesty, responsibility, fairness, respect, transparency, and citizenship (AMA, 2021). Nestlé

violates the honesty and transparency value by using false nutritional claims that imply formula is like breastmilk or offers additional benefits. Claims on packaging such as “Closest to breastmilk,” “following the example of breastmilk,” and “inspired by breastmilk” imply Nestlé’s infant formula is now highly advanced and mimics breastmilk. Nestlé disobeys the responsibility value by knowingly selling expensive formulas to low socioeconomic markets and disregarding health warnings. Since the 1980s, Nestlé has been aware of how marketing practices harm infants by undermining breastfeeding rates but has not publicly taken responsibility for its actions. The company mitigated responsibility by shifting blame to other nutritional factors, suing critics, and discrediting research done by the experts. Nestlé’s implementation of predatory advertising practices and deceptive phrases takes advantage of consumers also goes against the fairness value. Nestlé exploited the need for infant formula in vulnerable communities by engaging in price gouging practices, thwarting unfavorable government regulations meant to protect consumers, and using CI research to evaluate the target market psychologically. Nestlé willingly used its power to take advantage of uneducated consumers and used fear to inflate market demand. Nestlé’s disregard for annual consumer protests, critic concerns, health reports, and ethical allegations breach the respect and citizenship value. Nestlé provides an essential product to a highly vulnerable market and therefore has an obligation to protect uneducated consumers. Exploiting systemic inequality to create an unfair market in vulnerable communities is unethical. Western companies need to acknowledge that developing nations and emerging markets do not have the same privileges and regulations as industrial nations because local governments are still struggling to achieve prosperity, stability, and equality for all citizens. It is unfair to expect struggling nations to have fully developed market regulations, procedures, or legalities that completely protect consumers from western marketing tactics. Overall, Nestlé

demonstrated a long history of being an unethical company that profits by violating every AMA ethical norm.

Determination of Unethical Marketing Practices

Nestlé's first unethical practice promotes misleading Western ideology and implements predatory tactics to justify premium prices in vulnerable communities. Nestlé unethically uses arbitrary value pricing and product diversification to perpetuate outdated attitudes romanticizing milk substitutes as superior Western products with premium prices. Judith Gordon, a researcher for the New York Bureau of Maternity Services, stated that infant formula is popular with low-income women because it is a status symbol that represents hope (Solomon, 1981). Nestlé created demand where none existed by targeting uneducated women in developing nations who believed formula is an essential product for Western women that provides advanced nutritional benefits. Nestlé then implemented predatory marketing strategies to justify price inflation in developing nations. For example, it is 3.6 times more expensive to feed a 2-3-month-old baby premium formula for one month in Hong Kong than in the U.K. (Changing Markets Foundation & SumOfUs, 2019). Nestlé used product diversification to promote "premium benefits" that imply formula is a scientifically superior product with additional nutritional value. However, contrary to Nestlé advertisement claims, UNICEF U.K. stated that all formulas are very similar and "there is no evidence that 'special' milks live up to their claims and advise against follow-on formula or toddler's milk" (Changing Markets Foundation & SumOfUs, 2019). Although UNICEF guidelines are publicly available, the demand for "fortified" BMS in China keeps growing, with Nestlé leading the market against various transnational and domestic competitors.

Nestlé uses many competitive intelligence strategies which walk a fine line between unethical and illegal. Nestlé leverages its resources as the industry leader to invest heavily in

“nutritional” research to ensure BMS products maintain a competitive advantage for sustainable growth. “Nestlé, for example, has ‘the world’s largest private nutrition research capability’ with ‘nutritional expertise in every market.’ Such research enables Big Formula to exercise discursive power and institutionalize certain beliefs and practices in several ways” (Baker et al., 2021). The data and research generated is then used as the foundation for biomedical and nutrition-centric campaigns which promote “fortified” formula. The Nestlé Nutrition Institute is one example of how the company uses competitive intelligence to 1. drive sales by portraying products “as close to breastmilk as possible,” 2. shape perception that formulas are safe and nutritionally adequate to detract from negative implications of products, and 3. reframe research efforts as a corporate social responsibility to legitimize corporate actions and policy patterns (Baker et al., 2021). Nestlé also uses its scientific research to align itself with the medical community to further increase its reputation among consumers.

Nestlé violates standard product safety regulations by paying nutritionists, hospitals, and doctors to increase “scientific or nutritional” prestige in advertisements and promotions. Nestlé used people in positions of power and influence to imply to anxious new mothers that their babies deserve premium Western products that guarantee their health, even if it is expensive or they don’t have access to clean water. The WHO Code establishes common guidelines, but Nestlé manages to find loopholes that take advantage of uneducated citizens with poor economic stability. For example, in 1999, British tv show host Mark Thomas questioned if Nestlé was intentionally taking advantage of an uneducated citizen by printing labels in English when most people are barely literate in their native language. Uneducated consumers in developing nations would be unaware that the English labels contain important information regarding the hazards of using contaminated water in formula preparation. The WHO discourages BMS sales in

developing nations as unclean water can be a vector for disease, viruses, and chemicals that result in infant death. As the industry leader, Nestlé must have been aware that infant mortality rates were correlated to instant formula's unsafe preparation. Nestlé violated standard safety protocols by knowingly selling expensive products to low socioeconomic communities and disregarding warnings that instant formula cannot be safely prepared in nations that lack clean water.

Current Strategy Analysis

This section is a deeper strategy analysis of Nestlé's current marketing mix to determine how it collects and uses competitive intelligence to retain its position as an industry leader. The analysis will also review how the company's pricing strategy and promotion of safe products influence current marketing practices. A deep evaluation of each category will help determine the root cause of unethical behavior.

Evaluation of Marketing Mix

Nestlé's marketing mix relies on an integrated and complex network of strategies to create a competitive advantage in new markets. Each strategy aids the other and strengthens Nestlé's growth in international markets while suppressing unfavorable conditions. Nestlé retains leadership over the BMS industry by utilizing competitive intelligence to strengthen its position in the market. Competitive intelligence comes in the form of research and lobbying power that further strengthen the belief that BMS products are scientifically superior to breastmilk. After Nestlé has created favorable penetration conditions, it begins segmenting the target audience to determine pricing strategies and "benefits" in different regions. Nestlé then uses product differentiation to appeal to a wide consumer base, often ignoring contradictory packaging

information, challenging international policies and safety regulations, in addition to misrepresenting BMS compliancy.

Competitive Intelligence

Nestlé has many competitive intelligence strategies to ensure its position as the industry leader, including research and development and collective political lobbying. One highly controversial example is the function of social programs to research eating patterns among infants, toddlers, and children in new markets. “The purpose of Nestlé’s Feeding Infants and Toddlers Study (FITS) and Kids Nutrition and Health Study (KIDS) is ‘to explore eating patterns, nutrient intakes and food sources of nutrients among infants and children in different countries around the world’” (Baker et al., 2021). Nestlé conducted cross-sectional surveys in Brazil, China, Nigeria, UAE, U.S. and gathered national survey data in Australia, China, Mexico, the Philippines, and Russia. Since 2002, the study has created over 90 articles with 100 collaborators (Baker et al., 2021). Nestlé uses the data collected to determine segmentation and targeting strategies that appeal emotionally and psychologically to new parents. The company’s sales rely on scare tactics that prey on the insecurities of new parents and implications that they might harm their children by not using scientific formulas. Nestlé also spends a significant portion of its revenue lobbying for access to new markets, like the ones it researched.

Lobbying to reinforce market position is considered controversial, if not unethical. Nestlé’s corporate policy on lobbying allows for financing of political parties or government administrators with executive permission. Lobbying is how Nestlé uses competitive intelligence research from its nutritional facilities to form government partnerships that ensure demand. One example is Nestlé’s partnership with the WIC social program, which provides free BMS to low-income families. “Through WIC, the government purchases more than half of all milk formula

sold in the U.S. market and provides ‘nutrition services’ to ~ 1.9 million infants. In 2014, Nestlé alone spent an estimated \$160,000 lobbying in relation to the WIC program” (Baker et al., 2021). The source of the controversy is how Nestlé serves on the U.S. Dietary Guidelines Advisory Committee responsible for examining and setting scientific standards in social programs such as WIC. Nestlé’s position creates a conflict of interest since the company can use CI research to block competitors or regulations in new markets deemed unfavorable. Nestlé also leverages collective lobbying power to create favorable conditions in developing markets. “In 2012, the Hong Kong Infant and Young Child Nutrition Association, a trade association representing Abbott, Danone, RFC, Mead Johnson, and Nestlé, opposed a draft regulation that would ban the promotion of foods for children aged 0–36 months” (Baker et al., 2021). Collective lobbying power is not a new competitive intelligence tactic for Nestlé. For example, in 1975, Nestlé used its influence as an industry leader to bring together eight BMS competitors to establish the ICIFI and lobbied against new safety regulations, suppressed public health opponents, and discredited consumer protests (Baker et al., 2021).

Pricing Strategy

Nestlé continues to promote the benefits of formula products more strongly in developing nations where consumers will pay more to guarantee the health of their babies. For example, in the UK, Nestlé’s most expensive brand, Organic First Infant Milk, costs £13.99 for 800 grams or £63.13 per month to feed a 2–3-month-old baby. Nestlé’s expensive Hong Kong brand, Wyeth Organic ILLUMA, costs approximately £56.79 for 900 grams or £229.55 per month (Changing Markets Foundation & SumOfUs, 2019). The demand for formula is higher in developing nations than in industrialized countries hence why formula might be priced higher in Hong Kong. However, formula prices vary widely between brands, segments, regions, and territories,

suggesting that price is set arbitrarily by consumer preferences in different countries. The price inconsistency is suspicious, especially since the target seems to be vulnerable communities that depend on the product and have a lower income than industrialized nations.

Nestlé advocates that it does not implement predatory marketing practices to influence formula sales. However, many critics argue that Nestlé's marketing implies that formula additives create a superior product that inflates infant formula demand in underdeveloped nations. "Premiumisation of infant milk is, therefore, a clever strategy that manufacturers use to sell more formula, in terms of not only volume of sales but also convincing parents to purchase more expensive products in the belief they are doing the best for their baby" (Changing Markets Foundation & SumOfUs, 2019). Nestlé utilizes diversification to create "fortified" and "flavored" products specifically to advertise different benefits such as preventing colic, wind, or allergies. Claims such as "Closest to breastmilk," "following the example of breastmilk," and "inspired by breastmilk" also imply infant formula is now highly advanced and mimics breastmilk. Nestlé's nutritional claims advertise product benefits to justify a value pricing strategy, but they also perpetuate outdated attitudes that romanticize milk substitutes as superior products with premium prices. The outdated attitude undermines local breastfeeding practices to inflate demand for BMS, and uneducated customers believe Nestlé when it promotes "scientifically" advanced benefits.

Promotion of Safe Products

Nestlé didn't have any safety or nutritional regulations when it first began producing and distributing instant formula in the 1900s. However, in response to years of scandals, the company decided to address public concerns. Nestlé reluctantly addressed public outcry by signing an agreement with the Nestlé Boycott Committee and pledging to implement the WHO

Code. In 1984, three years after the WHO Code was written, Nestlé agreed to implement the guidelines internally and signed an agreement with protest critics to end the boycotts of its products (Sasson, 2016). Terms of the agreement required Nestlé to place health hazard warnings on product labels, verify product accuracy in the literature given to doctors and mothers, and cease offering personal gifts to health workers. Nestlé also worked with the WHO for over two years to create workable industry instructions and policies for field management. However, the WHO Code is a political document with vague guidelines and loopholes that don't address all unethical marketing practices. One example of a loophole is the scientific and factual information guidelines. "Health workers should ensure that there is only scientific and factual information, free from commercial bias, used in the care of babies and their parents" (UNICEF U.K., 2022). Nestlé uses its private research to make nutritional advertising claims that seem scientific but are not supported by the general scientific and nutritional community. If Nestlé's nutrition claims were real, the additives would have become a requirement for all formula recipes. Nestlé would effectively lose its "competitive advantage" derived from formula premiumisation. It is far more beneficial for Nestlé to keep making false nutritional claims than comply with the WHO Code's intended goal of safety regulations.

Nestlé complied with ambiguous WHO regulations until eventually implementing internal safety protocols to ensure consumer satisfaction. Nestlé adopted new safety strategies to ensure quality control as science progressed and consumers questioned nutritional claims. The most significant change was the implementation of the independent audit committee. The audit commission served two purposes. The first was to strategically communicate that Nestlé consented to have its behavior publicly scrutinized and examined by a third party. Second, to inform all Nestlé field employees that their actions would be held to new standards according to

the international code (Post, 1985). Nestlé has made significant progress on improving formula ingredients and safety standards. Nestlé's infant formula webpage states, "Nestlé offers high-quality, nutritionally balanced and science-based products to mothers and babies in the first 1000 days of life" (Nestlé, 2022). Nestlé has also implemented several policies and procedures derived from the WHO Code.

According to 2017 internal policies and procedures documents, Nestlé has five key principles: compliance, good governance, transparency, constructive engagement, and continuous improvement. Nestlé states the document aims to ensure product compliance with the WHO Code and support and protect breastfeeding across the company and sphere of influence (Nestlé Global Public Affairs, 2017). However, critics of Nestlé argue that self-imposed regulations only require "alignment," not compliance with the WHO Code, and according to Nestlé, the internal policy only applies to "higher risk" countries. In 2018 the Access to Nutrition Initiative, a third-party safety auditor, ranked Nestlé as the second most compliant company by WHO Code standards, although the company only scored 45% to 36% compliance (Baker et al., 2021). The independent study exemplifies how Nestlé's self-imposed safety regulations do not accurately represent the organization's compliance with the WHO Code. Nestlé's internal policies are either not well known by employees or are not being reinforced by management since the allegations of false claims and undermining tactics have not decreased in recent years.

Root Cause

It is important to recognize the historical and racial context surrounding breastfeeding and BMS marketing to determine if Nestlé's actions were reasonable and how they changed over time to address growth. Although Nestlé publicly states that it invented BMS to prevent malnutrition, the timeline in Appendix 2 highlights an interesting correlation between the

industrialization of formula, the end of American slavery, and the beginning of globalization. Nestlé was not the only one responsible for creating questionable cultural attitudes, but it did capitalize on traditional discriminatory, racist, and unfair practices that provide context as to why these unethical marketing practices persist today.

A Wealthy Market for a Premium Product

The historical injustice of breastfeeding and BMS was widely shaped by slavery, sexism, racism, and profits. In the early colonial days, when slavery was common practice, white women depended on black wet nurses to provide essential nutrition to their children, often forcing black women to abandon their babies. “Poor diets in colonized America made breastfeeding a challenge for White mothers of all social classes. By the early 1600s, most families with the means to do so hired wet nurses, to maintain the strength of mothers and babies” (Freeman, 2019). When slavery was abolished in 1864, white wet-nurses became a highly-priced commodity for wealthy women, but the practice fell out of style by the early 20th century due to new BMS inventions. Pasteurization and bottling of cow’s milk killed the wet-nurse industry, and pediatricians positioned themselves as experts in child development. “With support from the emerging formula industry, they waged an information campaign to convince mothers that their instincts when it came to infant feeding were unreliable at best. Pediatricians insisted that babies require medical, scientific management of their first food, absent which they are likely to die or fall desperately ill” (Freeman, 2019). Sexist pediatricians preyed on wealthy women’s breastfeeding anxieties to persuade them to defer to their new campaign material for all maternal matters. Not only did these “doctors” undermine traditional breastfeeding practices, they also completely ignored the needs of black women and poor communities. “Throughout the 1930s and 1940s, formula marketing narrowly pursued an elite White consumer base. The companies

branded their product as emblematic of sophistication and leisure” (Freeman, 2019). The collaboration between formula manufacturers and pediatricians successfully undermined breastfeeding practices and established the cultural attitude that BMS products were superior in nutrition, and if you didn’t rely on the product, you were a bad mother.

There were big profits to be made in the industrialization of instant formula, and by the 1950s, only five percent of American women reported breastfeeding after birth, and only twenty-four percent breastfed during hospitalization (Freeman, 2019). The heavy marketing focus on the white consumer created the foundation for BMS racial injustice among women of color, especially black women. “Economically privileged White mothers and pediatricians created notions of ideal parenting that excluded Black and poor mothers. Race magnified the stigma of bad motherhood that this standard im-printed on poor mothers” (Freeman, 2019). Early marketing efforts to exclude women of color created the notion that formula was a wealthy Western culture status symbol. The false advertisement further promoted the idea that formula’s high nutritional value was associated with a wealthy brand for sophisticated consumers. Government support and societal indifference of Black needs led to the extortion of vulnerable communities. “They can increase their profits by exploiting existing racial inequalities and misperceptions about Black mothers that make Black women more vulnerable to industry sales tactics. Formula corporations appear indifferent to the harmful consequences of their actions for the health of Black women and children” (Freeman, 2019). Relevant historical context highlights how societal discrimination and needs indifference of black and poor lives shaped traditional marketing efforts of BMS products worldwide that led to Nestlé’s unethical exploitation of developing nations.

Nestlé’s Unethical Role

Contrary to public claims, Nestlé's instant formula target market was middle- and upper-income segments in Western nations. The instant formula was marketed as a luxury product with a high price to reflect its status. However, as wealthy demographic sales declined, the company needed to find a new market and pushed the instant product to underdeveloped nations. In the 1920s, "Sales grew during the succeeding three decades until declining birth rates in the industrialized countries resulted in a sharp drop in such sales. The major producers then began to expand in the less-developed countries where population growth rates were high" (Baker, 1985). When sales decreased, the company took advantage of systemic inequality to create premium product demands where none previously existed. Nestlé was aware that infant mortality rates were correlated to instant formula. One modern study conducted between 1970 to 2011 compared infant mortality rates against Nestlé's annual corporate reports and discovered a strong correlation. "Our key finding is that the availability of formula increased infant mortality by 9.4 per 1000 births, 95% among mothers without access to clean water. We estimate that the availability of formula in low and middle-income countries resulted in approximately 66,000 infant deaths in 1981 at the peak of the infant formula controversy" (Anttila-Hughes et al., 2018).

Nestlé was aware of the problem for years but did not change safety regulations until boycotts threatened shareholder profits, implying profit as the root of Nestlé's unethical practices. Profits also seem to be the main motivation for Nestlé's global expansion. Nestlé's BMS sales are approximately 10% of total sales but produce the main source of new revenue growth. "For example, in 2018, the Nestlé Nutrition and Health Science division was the second largest contributor to total global sales, but the most important for generating new sales growth" (Baker et al., 2021). Nestlé's current BMS sales growth primarily occurs in middle-income

countries with the largest child populations, like China, indicating that profit and growth continue to be key motivators for unethical marketing.

Company Culture Persists Today

Nestlé publicly insists that its primary goal is to “ensure babies get the best possible start in life,” with health and safety as its top priority (Nestlé, 2022). However, the company has demonstrated a strong history of an unethical company culture that resonates in modern business practices. Based on the organization’s complex history and current marketing evidence, experts concluded that upper management played a role in Nestlé’s unethical marketing practices. “Unfortunately, the history of Nestlé’s direct and indirect involvement in some major business scandals in the 1980s suggests that some senior managers of the firm were irredeemably unethical. Nestlé’s role in these further scandals leaves little doubt as to the historical origins of the infant formula scandal—Nestlé had a continually defective culture at the most senior level of management” (Boyd, 2012). Corporate greed is identified as the root cause, but Nestlé critics are divided on whether the company was fully responsible for its actions or if a capitalist system allowed Nestlé to exploit vulnerable communities. “In our view, this historical expansion reflects the core underlying driver of capitalism itself – the pursuit of profit and capital accumulation – and through this pursuit, the subjugation of the mother-child breastfeeding dyad to corporate power, and the transformation of first-foods systems to promote and sustain high levels of milk formula consumption” (Baker et al., 2021). While arguments for both sides can be made, most experts agree that Nestlé is undeniably responsible for creating an industry that systemically takes advantage of uneducated consumers in developing nations. As the industry leader, Nestlé was responsible for setting premium prices, establishing marketing practices, and regulating safety in struggling economies where income levels were much lower or nonexistent. The

company's profits are built on outdated sexist and racist tactics that exploit children, low-income communities, and people of color.

Recommendations

Nestlé's early marketing practices resulted in multiple lawsuits, boycotts, and investigations that eventually led to the creation of *The International Code of Marketing Breast-Milk Substitutes* in 1981. The BMS Code established by the World Health Organization (WHO) states that breastfeeding is the ideal food for infants and discourages sales of BMS in developing nations that undermine the practice. Nestlé states it follows WHO regulations and has implemented several policies and procedures derived from The Code. However, critics of Nestlé argue that the self-imposed regulations only require "alignment," not compliance with the WHO Code, and according to Nestlé, the internal policy only applies to "higher risk" countries. If the company cannot fix its broken profit-focused culture, it is highly unlikely it will implement ethical marketing strategies in the future. The following are recommendations to improve the company's marketing strategies and reduce the risk of unethical practices in competitive intelligence, pricing, and promotional product safety.

Competitive Intelligence

Competitive intelligence (CI) provides insightful data within a market space crucial to business survival. "Competitive intelligence refers to the ability to gather, analyze, and use information collected on competitors, customers, and other market factors that contribute to a business's competitive advantage" (Bloomenthal, 2021). Using a mix of primary and secondary research can help companies create a comprehensive analysis highlighting potential marketing strategies. Conducting, gathering, and processing CI research should be done ethically, legally, and with consideration of how it affects all stakeholders, including customers, employees, and

competitors. Nestlé leverages its resources to invest heavily in “nutritional” research that maintains sustainable growth. Nestlé’s competitive intelligence strategies walk a fine line between unethical and illegal.

International Considerations

One highly controversial CI example is Nestlé’s social programs researching eating patterns among infants, toddlers, and children in vulnerable markets. Nestlé conducted cross-sectional surveys in Brazil, China, Nigeria, UAE, U.S. and gathered national survey data in Australia, China, Mexico, the Philippines, and Russia. Since 2002, the study has created over 90 articles with 100 collaborators (Baker et al., 2021). Nestlé must consider and adhere to the SCIP integrity guidelines when conducting CI research in international markets. The Strategic & Competitive Intelligence Professionals (SCIP) are a global nonprofit community of leaders who created a set of guidelines for ethical CI behavior. The SCIP regularly collaborates with members and partners to leverage insights, best practices, and unimpeachable ethics to drive growth and reduce risk (SCIP, 2022). The SCIP Code of Ethics states that ethical CI research should always comply with domestic and international law, be transparent and accurately disclose all relevant information, remain conflict-free by avoiding any conflict of interest and provide realistic recommendations and conclusions (SCIP, 2022). Nestlé needs to accurately disclose to local government officials why the data is being collected, how the program is conducting research, what is being done with the data, and how the data will improve overall wellbeing. Nestlé also needs to refrain from leveraging CI research and collective lobbying power to create favorable conditions in developing markets. Lobbying to reinforce market position is considered controversial, if not unethical, and using internal research to sway government regulations creates a conflict of interest. Nestlé’s position as “nutritional advisor”

and industry leader creates a conflict of interest since the company can use CI research to block competitors or regulations in new markets deemed unfavorable.

Ethical Improvement

Nestlé needs to improve the company's overall CI approach to align with SCIP ethical guidelines. The first recommendation would be to implement the guidelines and become an official member of the SCIP. SCIP members receive advanced ethical best practices, training and certification, and a powerful peer community committed to reducing risk in strategic choices. For \$2195 a year, five Nestlé managers can have full membership benefits with the option of additional membership discounted at \$150 per person. Benefits include “best practices (case studies, videos, articles & studies), training & certification (virtual workshop discounts) and a community of peers (Topic Tables, Workplace discussions), all grounded in our Code of Ethics. A typical \$295 membership investment can easily generate 5x in savings” (SCIP, 2022). In addition to having highly valuable resources for key management, Nestlé can also use its membership to hire a team of independent CI compliance committees.

Nestlé's CI Compliance Committee (CICC) can assess how well employees are following regulations and determine if the company requires additional policies for compliance. While many companies implement strict rules and regulations, many employees are not well informed or monitored for compliance. “The bottom line: Companies may fulfill some vague responsibility of corporate citizenship by issuing such policies — they have checked one item off their good-governance list — but fail to actually stem bad behavior” (Fuld, 2010). Compliance problems typically arise from miscommunication, elevated stress levels to perform well, or unrealistic expectations. The CICC can implement company-wide Stress-Tests to determine employee compliance. Nestlé would have to collect stories from salespeople, scientists, and

senior managers regarding data collection to conduct a Stress-Test. These stories would be anonymously posted for review in a classroom setting. The committee would rotate members regularly to ensure an unbiased judgment and vote if the data collection was done ethically, aggressively, unethically, or illegally. The third-party results would be posted to an internal employee community board to encourage transparency and trust. The CICC would also be responsible for working with the R&D department to evaluate social and ethical regional impact.

The last recommendation is to implement market impact research in the competitive intelligence strategy. Many Nestlé marketing tactics did not consider the social and ethical impact on different communities. “Part of researching a business is the ability to evaluate and discuss the impact it has on each of the social issues in your community and others” (Sarokin, 2019). Nestlé’s R&D department needs to work with the marketing team and the CICC to determine potential negative impacts on new and existing markets. The company should have detailed records of what the market landscape and community looked like before penetration. Then conduct yearly impact reports to determine if there are any unintentional influences and trends. The goal of R&D should be to diligently work toward sustainable and ethical practices that bridge the inequality between industrial nations and developing communities.

Legal and Ethical Standards

Nestlé PURINA division is a proud member of the SCIP, so it is plausible for the Nutrition and Health Science division responsible for BMS to become a member. Becoming a member of the SCIP would ensure that Nestlé’s BMS research and development team is taking appropriate steps toward ethical and legal compliance. Membership benefits provide a plethora of ethical and legal resources and recommendations created specifically for international business. The R&D department can use the resource to create ethical research strategies that

comply with legal regulations. Nestlé can also use the SCIP job board network to find a consultant who can advise unsure management or navigate the complex ethical norms in new markets. The Majority of SCIP members are CI professionals familiar with trend & market analysis, strategy development, competitor analysis, and I.P. & Patent tracking (SCIP, 2022). Over 65% of all SCIP members have at least five years of experience in CI, so they are familiar with common ethical pitfalls and traditional legal boundaries in international markets (SCIP, 2022). The Healthcare and Pharma industry makes up the second-largest portion of SCIP membership, providing Nestlé with specialized support for CI compliance based on scientific research. Nestlé can internally improve ethical and legal compliance by aligning itself with the SCIP and implementing peer review strategies to increase accountability and verify compliance.

Detailed impact research will help create identifiable goals for sustainable and ethical progress. “The best way to evaluate the environmental, social and ethical impact of a business on society is to understand its sustainability goals, examine the actions it has taken to implement those goals and measure its progress toward reaching, or even exceeding, the goals it has set.” (Sarokin, 2019). Clear goals will help determine any unforeseen consequence of entering a new market and what the best course of action would be to alleviate those issues. Impact research prioritizes the company’s social corporate responsibility to vulnerable communities and will help track overall impact to determine negative influences which could have harmful effects on the region. Nestlé can ensure it meets legal and ethical standards by focusing on prevention and impact.

Pricing Strategies

Nestlé has capitalized on the cultural attitude that portrays breastmilk substitutes as lifesaving innovations and premium Western products. As the BMS industry leader, Nestlé was

responsible for setting premium market prices in struggling economies where income levels were much lower or nonexistent. Nestlé promoted false Western ideology and implemented predatory scare tactics to justify price gouging in countries with higher birth rates than industrial nations. Nestlé used predatory marketing practices to sell the expensive formula to illiterate mothers in developing nations and implemented unethical tactics to keep them dependent on the expensive product. Nestlé's early pricing strategies resulted in multiple lawsuits, boycotts, and investigations that threatened the company's public relationship and brand reputation. After *The International Code of Marketing Breast-Milk Substitutes* was established in 1981 in response to public outcry, Nestlé shifted to less aggressive marketing tactics. However, Nestlé's premium pricing continues to be highly unethical and remains a source of controversy that jeopardizes consumer trust.

Potential Impact(s)

Nestlé unethically uses product diversification to perpetuate outdated attitudes romanticizing milk substitutes as superior Western products with premium prices. Nestlé continues to unethically promote the benefits of formula products in emerging markets where uneducated consumers will pay more to guarantee the health of their babies. For example, it is 3.6 times more expensive to feed a 2-3-month-old baby premium formula for one month in Hong Kong than in the U.K. (Changing Markets Foundation & SumOfUs, 2019). Nestlé used product diversification to promote "premium benefits" that imply formula is scientifically superior with additional nutritional value. However, contrary to Nestlé advertisement claims, UNICEF U.K. stated that all formulas are nearly identical and "there is no evidence that 'special' milks live up to their claims and advise against follow-on formula or toddler's milk" (Changing Markets Foundation & SumOfUs, 2019). Although UNICEF guidelines are publicly available, the

demand for “fortified” BMS in developing markets keeps growing, with Nestlé leading the industry against various transnational and domestic competitors. Nestlé’s BMS sales growth primarily occurs in middle-income countries with the largest child populations, like China, indicating that profit and growth are key motivators for unethical marketing.

Nestlé took advantage of systemic inequality to create premium product demands where none previously existed. Nestlé needs to understand that increasing access to a lifesaving product comes with the special responsibility of protecting vulnerable consumers. The company’s pricing strategy disregards the needs of vulnerable customers and endangers product trust. Nestlé endangers public relations by not limiting the maximum price of products in vulnerable communities and further eroding consumers’ trust in the marketing system with unethical marketing practices. The unethical pricing practices will cause history to repeat itself. Unfortunately, negative public perception will eventually catch up to Nestlé, resulting in boycotts, demonstrations, lawsuits, and a loss in revenue.

Pricing Recommend

As an industry leader and international provider of lifesaving products, Nestlé is responsible for protecting vulnerable and uneducated consumers. The AMA’s ethical norms provide a clear guideline for companies to market and price products ethically. According to the AMA, fostering trust in the marketing system “means striving for good faith and fair dealing so as to contribute toward the efficacy of the exchange process as well as avoiding deception in product design, pricing, communication, and delivery of distribution” (AMA, 2021). According to the AMA, Nestlé can implement a fair pricing strategy, also known as ethical pricing, to reduce the chance of price gouging. “Pricing ethics involves examining what constraints are needed on the pursuit of market share and profits when the actions of a company affect others

adversely.” (Nielsen, 2022). Nestlé needs to consider how its product aligns with international customers, determine if local prices are justified, and address potentially adverse effects on the community.

Fair pricing strategies create transparent policies regarding when the price can be increased, the ceiling price, and how it should be communicated to customers. The fair pricing strategy creates clear guidelines for what would warrant a justifiable price increase, such as an increase in supplies, labor, or distribution costs. Nestlé can use artificial intelligence to alert the company when a price has exceeded preset parameters and if there is a justifiable reason for the deviation. It is also highly recommended that Nestlé’s board of directors review and unanimously approve any new yearly price increases in developing or controversial markets. Based on Nestlé’s complex price gouging history and lack of accountability, it will also be beneficial to have a third-party audit of international BMS prices to determine if any product is priced above the regional average. The auditors can publish results and findings on the Nestlé website to demonstrate how the company is dedicated to protecting vulnerable customers and fostering trust in lifesaving products.

Justifying Fair Pricing

As the industry leader, Nestlé is responsible for setting average market prices. “Price leadership occurs when a leading firm in a given industry is able to exert enough influence in the sector that it can effectively determine the price of goods or services for the entire market. This level of influence often times leaves the rivals of the price leader with little choice but to follow its lead and match the prices if they are to hold onto their market share” (Tardi, 2020). Nestlé has been consolidating market power through acquisitions and mergers to ensure no competitor has enough market share to influence pricing strategies. Nestlé’s responsibility as the price leader is

to reinforce market reform and encourage ethical pricing strategies. No other organization has enough market influence, government support, or reliable revenue to influence ethical marketing behavior. Even if all the companies united against Nestlé, it would take years of litigation and compromise to reform current pricing strategies across multiple countries.

Implementing an ethical pricing strategy will reduce price inflation risk and expand international access to a lifesaving product. Nestlé's formula prices vary widely between brands, segments, regions, and territories, suggesting that price is set arbitrarily depending on market growth. A transparent, fair pricing policy would ensure that prices remain relatively similar across international markets and implement special pricing considerations for vulnerable communities dependent on BMS. The fair pricing policy would make it easy to determine compliance for both customers and employees, further reducing the risk of predatory behavior. "Refining pricing capabilities in ways that keep ethical considerations front and center, exercising creativity and judicious compromise, and communicating with forthrightness and transparency enable organizations to pursue the profit motive in ways that help — rather than harm — the populations they depend on and serve" (Bergen et al., 2021). Artificial intelligence can monitor overall pricing compliance, serve as an early warning system, and detect market patterns that influence price divergence. Third-party auditors lend an extra layer of accountability and security by independently verifying that internal results match real-world outcomes.

Promotion and Product Liability

Nestlé lacked safety or nutritional regulations when it first began promoting instant formula. However, after intense legal battles, lobbying efforts, and strong revenue loss, the company agreed to implement the 1981 WHO Code. At the time, the WHO Code had vague

guidelines and loopholes that didn't address all unethical marketing practices. Over the years, Nestlé exploited various loopholes to promote unsafe BMS products in developing nations. Today many organizations, like UNICEF and International Baby Food Action Network (IBFAN), work together to close legal loopholes and create robust measures to limit harmful marketing practices. The WHO Code is currently the most comprehensive and only ethical guideline for modern BMS marketing practices. Nestlé's ethical compliance has fallen in recent years, indicating the company no longer fully complies with modern ethical standards. The WHO code is the benchmark for modern ethical compliance, and Nestlé needs to reevaluate how it will meet ethical regulations.

Implementation

Nestlé states it prioritizes health and safety by implementing internal policies and procedures derived from the WHO Code of the Marketing of the Breastmilk Substitutes. In 2018 the Access to Nutrition Initiative, a third-party safety auditor, ranked Nestlé as the second most compliant company by WHO Code standards, although the company only scored 45% to 36% compliance (Baker et al., 2021). The independent study exemplifies how Nestlé's self-imposed safety regulations do not accurately represent the organization's compliance with the WHO Code. The first recommendation for improving product marketing safety is to have the marketing department implement WHO Code yearly policy reviews, distribute employee compliance resources, and establish employee compliance training with human resources. The WHO code should set the foundation for Nestlé's safety marketing guidelines, and the marketing department should review internal policies every year to ensure compliance meets expectations. The marketing department must also work with the human resources department to ensure that all employees are familiar with the most recent internal policies and WHO Code revisions by

creating easy reference guides, an online employee compliance discussion platform, and up-to-date training/ review videos. Employees will be encouraged to identify any marketing strategies they feel might violate the WHO Code and report it to their manager, discussion platform, or file an official human resource complaint. Violations include tactics that undermine breastfeeding practices, encourage BMS demand to vulnerable communities, or promote false “fortified” and “flavored” benefits.

The second recommendation would be for the marketing to reduce the centralization of compliance responsibility by encouraging interdepartmental collaboration. The marketing team can work with the Research and Development division and the CI Compliance Committee to review and certify that all product claims meet WHO Code regulations and internal company safety policies. Nestlé can reduce safety errors by urging the marketing department to work with various internal and external employees to provide a second opinion. “Checks and balances are procedures set in place to reduce mistakes, prevent improper behavior, or decrease the risk of centralization of power” (Beers, 2022). Peer reviews can be extremely beneficial in providing feedback and reducing confirmation bias. The interdepartmental collaboration will help create a cohesive system of checks and balances to reduce safety risks that individual employees can commonly overlook.

Not Safe and/or Reliable

Nestlé’s R&D divisions should always have a third-party review of safety research to ensure no product leaves the production line without proper testing. However, if an accident occurs and marketing employees discover a WHO code safety violation, they should alert company management and immediately report the incident to human resources to begin an internal investigation. Upper management and marketing leadership will be responsible for

beginning the process of notifying internal committees and external organizations of a possible consumer safety violation and determining what actions the situation requires. If consumer safety is immediately at risk, management should contact all local governments responsible for product recall procedures, manufacturers who might still be producing a faulty product, distributors who supply unsafe products, and retail stores or sellers unaware of the issue.

Human resources should begin preparing employee testimonies, reaching out to potential witnesses, and setting the foundation for an external and internal investigation regardless of risk. An internal investigation conducted by human resource leadership should seek to gain as much information regarding the safety issue and determine if the severity requires an external investigation and case study. “Not every allegation of wrongdoing at a company needs to be investigated using outside resources, but one that amounts to a ‘corporate crisis’ suggests conduct that could seriously impact the reputation, and even the viability, of the company” (Segal, 2021). The *International Code of Marketing Breast-Milk Substitutes* sets the industry standard of ethical and safe marketing behavior. The Code takes into consideration scientific nutritional advice and basic consumer safety. Nestlé’s internal policies should at least meet WHO Code compliance, and the company should encourage employees to hold each other accountable for consumer safety.

Mitigate Product Liability

Internal policies and regulations are important for maintaining a consistent business culture. Regularly reviewing and reinforcing policies ensures that every employee and manager understands internal expectations. “This starts to establish a corporate culture of what to do, what not to do, and how to act. Employees who are given expectations in a clearly outlined format are better able to perform those duties and tend to veer less often from the “script” than employees

who do not have clearly written policies” (Leonard, 2018). Establishing and maintaining internal policies communicates to employees that their actions and work will be held to new safety standards in compliance with the WHO Code. The internal policies also outline violations and establish consequences to discourage unethical behavior and hold employees accountable.

Interdepartmental collaboration reduces liability by dividing safety responsibilities among workers and emphasizing accountability. “By separating the duties of various employees into clearly defined roles, businesses and organizations are better able to ensure that rogue employees or executives cannot harm a business without the intervention of other employees” (Beers, 2022). A check and balance system reduces the likelihood that employees will commit mistakes, overlook regulations, or act unethically. If safety violations occur, pre-established policies will dictate what steps should be taken to document, investigate, and rectify the situation. Clear documentation of violations will help Nestlé recognize patterns, hold those responsible accountable, and emphasize employee trust. Internal and third-party investigations will help identify ambiguous loopholes and improve product safety before it becomes a legal liability.

Communication and Implementation

It is important to communicate these findings and recommendations to the audience members who are most likely to positively impact the decision-making process. “This is the first and arguably one of the most important steps. It’s important to have some idea who you’re trying to impress and ultimately influence” (Bannister, 2015). This analysis aims to influence positive change and ethical leadership with the Nestlé corporation. Ethical compliance and safety must begin at the top and diffuse downward. The following is an outline of the primary audience, presentation strategy, and overall impact on future marketing decisions.

Audience Information

The main audience is Nestlé's Board of Directors, who are responsible for upholding the company's broad goals, supporting executive directors, and managing resources. "In general, the board makes decisions as a fiduciary on behalf of shareholders. Issues that fall under a board's purview include the hiring and firing of senior executives, dividend policies, options policies, and executive compensation" (Chen, 2021). Nestlé's board of directors has fourteen executives, each specializing in a different branch or company strategy. Presenting unethical marketing evidence to Nestlé will be tricky as the board has at least three conflicts of interest, including Paul Bulcke, former CEO, Mark Schneider, the current CEO, and Ann M. Veneman, director of United Nations Children's Fund. The Board of Directors is directly responsible for overseeing violations of the *International Code of Marketing Breast-Milk Substitutes*, which restricts the sale of breastmilk substitutes (BMS) in developing nations. Over the last decade, Nestlé has faced multiple lawsuits against various product divisions suggesting that internal leadership works together or shares similar morals. The severity and frequency of lawsuits by nonprofit organizations and international governments against Nestlé indicate that unethical activities are encouraged or unreported by executive management.

Delivery Techniques

The presentation will have to maintain an informative and calm tone due to the seriousness of the topic. "Be calm and professional when making allegations of unethical behavior. Acknowledge that you may not have all the facts when there's some gray area" (Dowd, 2018). Potentially hostile audience members need to feel understood to remain open-minded. In general, people do not like being accused and will immediately begin defending themselves instead of listening to reason or engaging in conversation. "That leads the other person to shut

down and get defensive — not because they're unethical but because they're human. A better place to start would be to ask questions instead of making assertions" (Gallo, 2015). The presentation should use phrases like "I know we share the same goal of ensuring babies get the best possible start in life, but are you aware prominent members of the science community are criticizing Nestlé?" and "Safety and health are Nestlé's top priority, but can we further enhance WHO code compliancy by doing XYZ?" Phrasing discussion topics in the form of questions will maintain an objective atmosphere that encourages receptive dialogue. The presentation format will follow the Problem, Analysis, Solution structure. "The audience will be with you to the degree that you present a 'reasonable' case. In other words, for a speaker to be believed, the audience must view it as a reasoned approach, one that does not stretch credibility" (Graham, 1988). To add credibility to the presentation, I will also implement visual evidence such as inconsistent labeling of formula products, pricing strategy discrepancies, and current case studies analyzing marketing strategies. All evidence will be presented in an unbiased format as not to encourage hostility.

Dissemination of Recommendations

The goal of presenting these findings and recommendations to the Board of Directors is to encourage ethical leadership that goes above and beyond WHO Code standards. Nestlé can leverage its influence as an industry leader to set the highest ethical standards in the industry and discourage unethical practices among competitors. These recommendations are meant to slow down the marketing process and reinforce a system of checks and balances that promotes corporate social responsibility. Every employee will be responsible for upholding themselves and their colleagues to the highest ethical standards. Management will encourage employee compliance while demonstrating authentic and transparent leadership. Independent committees

and third-party peer-review systems ensure that no unsafe product or marketing strategy reaches the consumer. Market-wide pricing evaluations will help identify unrealistic price increases and inflated demand that limits access to the product in vulnerable communities. Research and development will conduct competitive intelligence gathering with the utmost respect and transparency to its most susceptible citizens and customers. Regular ethical and social impact research will ensure that the company improves customers' lives, and its presence does not exploit cultural attitudes, cause physical harm, or deplete local resources. Nestlé's marketing mix relies on an integrated and complex network of strategies to create a competitive advantage, so all departments must cohesively reinforce ethical compliance. Each strategy aids the other and strengthens Nestlé's commitment to ethical marketing decisions that profoundly impact the world's most vulnerable communities.

References

- Anttila-Hughes, J.K., Fernald, L.C.H., Gertler, P.J., Krause, P., and Wydick, B. (March 2018). *Mortality from Nestlé's Marketing Of Infant Formula In Low And Middle-Income Countries*. National Bureau of Economic Research. <https://www.nber.org/papers/w24452>
- American Marketing Association. (2021, October 11). *AMA Statement of Ethics*. Retrieved from <https://myama.force.com/s/article/AMA-Statement-of-Ethics>
- Baker, J. C. (1985, June 1). *The International Infant Formula Controversy: A Dilemma in Corporate Social Responsibility*. Journal of Business Ethics. <https://eds-s-ebscohost-com.ezproxy.snhu.edu/eds/pdfviewer/pdfviewer?vid=10&sid=e21bf603-be5d-4a01-8abd-20c45c3c080e%40redis>
- Baker, P., Boatwright, M., Clark, D., Kang, M., Klingston, G., Lawrence, M., McCoy, D., Mialon, M., Moodie, R., Neves, P.A.R., Russ, K., Santos, T., Sievert, K., Smith, J., & Wood B. (2021, May 21). *Globalization, first-foods systems transformations, and corporate power: a synthesis of literature and data on the market and political practices of the transnational baby food industry*. Globalization and Health. <https://eds-p-ebscohost-com.ezproxy.snhu.edu/eds/pdfviewer/pdfviewer?vid=0&sid=d36311f4-88a6-4574-a6f9-38e19962bb72%40redis>
- Bannister, E. (2015, May 12). *How to Present like a Boss to The Board*. Business Insider. <https://www.businessinsider.com.au/how-to-present-like-a-boss-to-the-board-2015-5>
- Beers, B. (2022, January 04). *Checks and Balances*. Investopedia. <https://www.investopedia.com/terms/c/checks-and-balances.asp>

Bergen, M. E., Dutta, S., Guszczka, J., & Zbaracki, M. J. (2021, March 26). *How A.I. can Help Companies Set Price More Ethically*. Harvard Business Review.

<https://hbr.org/2021/03/how-ai-can-help-companies-set-prices-more-ethically>

Bloomenthal, A. (2021, July 01). *Competitive Intelligence*. Investopedia.

<https://www.investopedia.com/terms/c/competitive-intelligence.asp#:~:text=Competitive%20intelligence%2C%20sometimes%20referred%20to,to%20a%20business's%20competitive%20advantage.>

Boyd, C. (2012). *The Nestlé Infant Formula Controversy and a Strange Web of Subsequent Business Scandals*. Journal of Business Ethics, 106(3), pp. 283–293. <https://doi-org.ezproxy.snhu.edu/10.1007/s10551-011-0995-6>

Bradley, R. (2018, April 13). *The Importance of Updating Your Policies and Compliance Terms*. Forbes. <https://www.forbes.com/sites/theyec/2018/04/13/the-importance-of-updating-your-policies-and-compliance-terms/?sh=1dc369de106b>

Bretous, M. (2021, January 13). *13 Tips on How to Nail a Presentation To the Board of Directors*. HubSpot. <https://blog.hubspot.com/marketing/presentation-to-board>

Changing Markets Foundation & SumOfUs. (2019, April). *Based on Science? Revisiting Nestlé's infant milk products and claims*. ChangingMarkets.org. https://changingmarkets.org/wp-content/uploads/2019/04/Based_on_science_FINAL.pdf

Chen, J. (2021, August 29). *Board of Directors (B of D)*. Investopedia.

<https://www.investopedia.com/terms/b/boardofdirectors.asp#:~:text=In%20general%2C%20the%20board%20makes,fiduciary%20on%20behalf%20of%20shareholders.&text=In%20addition%20to%20those%20duties,managed%20resources%20at%20its%20disposal.>

- Dowd, M. (2018, June 29). *How to Report unethical behavior in the Workplace*. Chron.
<https://work.chron.com/report-unethical-behavior-workplace-19752.html>
- Freedman, A. (2019, February 23). *Skimmed: Breastfeeding, Race, and Injustice*. Stanford University Press. <https://eds-p-ebscohost-com.ezproxy.snhu.edu/eds/ebookviewer/ebook/bmxlYmtfXzIyNTQyNjJfX0FO0?sid=0d8c6fad-ada0-42a4-b551-77ed1d0e3b69@redis&vid=3&format=EB&rid=7>
- Fuld, L.M. (2010, December 20). *How Competitive Intelligence Rules Encourage Cheating*. Harvard Business Review. <https://hbr.org/2010/12/how-competitive-intelligence-r>
- Gallo, A. (2015, June 04). *How to Speak Up About Ethical Issues At Work*. Harvard Business Review. <https://hbr.org/2015/06/how-to-speak-up-about-ethical-issues-at-work>
- Graham, J.R. (1988, November). *Presentations that persuade*. Agency Sales.
<https://www.proquest.com/docview/210946541/abstract/1A6E5FDF3F044525PQ/1?accountid=3783>
- Krasny, J. (2012, June 25). *Every Parent Should Know The Scandalous History Of Infant Formula*. Insider. <https://www.businessinsider.com/Nestlé-infant-formula-scandal-2012-6>
- Leonard, K. (2018, August 20). *Importance of Business Policy*. Chron.
<https://smallbusiness.chron.com/importance-business-policy-10199.html>
- MarketLine. (2021, August 16). *Nestlé SA SWOT Analysis*. Business Source Ultimate.
<https://eds-s-ebscohost-com.ezproxy.snhu.edu/eds/pdfviewer/pdfviewer?vid=5&sid=a76bc46a-282f-40bb-951c-d42543803d9e%40redis>
- Nestlé. (2022). *The Feeding Infants and Toddlers Study*.
<https://www.Nestléusa.com/nutrition/fits>

- Nestlé. (2022). *Infant Formula*. Nestlé. <https://www.Nestlé.com/aboutus/breastfeeding-nutrition/baby-milk>
- Nestlé. (2022). *The Nestlé company history*. <https://www.Nestlé.com/aboutus/history/Nestlé-company-history>
- Nestlé Global Public Affairs. (2017, September). *The Nestlé Policy and Procedures for the Implementation of the WHO International Code of Marketing of Breast-Milk Substitutes*. Nestlé. https://www.Nestlé.com/sites/default/files/asset-library/documents/creating%20shared%20value/nutrition/Nestlé_policy_who_code_en.pdf
- Nielsen, L. (2022). *Ethical Pricing Strategy*. Chron. <https://smallbusiness.chron.com/ethical-pricing-strategy-2726.html>
- Russell, C. (1982, October 15). *Nestlé Adopts Change in Formula Marketing*. The Washington Post. <https://www.washingtonpost.com/archive/politics/1982/10/15/Nestlé-adopts-changes-in-formula-marketing/a3fab597-8b07-4973-9b5b-b943664af2af/>
- Post, J.E. (1985, Winter). *Assessing the Nestlé Boycott: Corporate Accountability and Human Rights*. California Management Review. <https://eds-s-ebscohost-com.ezproxy.snhu.edu/eds/pdfviewer/pdfviewer?vid=2&sid=2f2722ef-64e4-43b2-a67d-c0ce534f0efe%40redis>
- Sasson, T. (2016, October 1). *Milking the Third World? Humanitarianism, Capitalism, and the Moral Economy of the Nestlé Boycott*. American Historical Review. <https://eds-p-ebscohost-com.ezproxy.snhu.edu/eds/pdfviewer/pdfviewer?vid=4&sid=87e5b630-07cd-441b-b45d-4dc68acb3286%40redis>

- Sarokin, D. (2019, November 15). *How to Evaluate the Social and Ethical Impact of Business on Society as a Whole*. Chron. <https://smallbusiness.chron.com/evaluate-social-ethical-impact-business-society-whole-70455.html>
- Segal, E. (2021, July 6). *Who Should Investigates The cause of a Corporate Crisis?* Forbes. <https://www.forbes.com/sites/edwardsegal/2021/07/06/who-should-investigate-the-cause-of-a-corporate-crisis/?sh=c81f4cb2b29c>
- Solomon, S. (1981, December 6). *The controversy over infant formula*. The New York Times Magazine. <https://www.nytimes.com/1981/12/06/magazine/the-controversy-over-infant-formula.html>
- Strategic & Competitive Intelligence Professionals. (2022). *Competitive Intelligence Ethics & Integrity*. <https://www.scip.org/page/Ethical-Intelligence>
- Strategic & Competitive Intelligence Professionals. (2022). *Invest in Growth. Invest in Yourself*. <https://www.scip.org/page/Membership-Value>
- Strategic & Competitive Intelligence Professionals. (2022). *Who are SCIP Members?* <https://www.scip.org/page/OurMembers>
- Tardi, C. (2020, December 28). *Price Leadership*. Investopedia. <https://www.investopedia.com/terms/p/price-leadership.asp>
- Taylor, R.B. (2020, September 14). *Breastfeeding*. Grow by WebMD. <https://www.webmd.com/parenting/baby/nursing-basics#:~:text=Breast%20milk%20contains%20antibodies%20that,illnesses%2C%20and%20bouts%20of%20diarrhea.>

UNICEF U.K. (2022). *The International Code of Marketing of Breastmilk Substitutes*. UNICEF.

<https://www.unicef.org.uk/babyfriendly/baby-friendly-resources/international-code-marketing-breastmilk-substitutes-resources/the-code/>

Yellen, J. L. (2020, May). *The History of women's work and wages and how it has created success for us all*. Brookings. <https://www.brookings.edu/essay/the-history-of-womens-work-and-wages-and-how-it-has-created-success-for-us-all/>

Appendix A

Nestlé Timeline

- 1865 – 13th amendment abolishes Slavery in America.
- 1866 - Anglo-Swiss Condensed Milk company founded (Nestlé, 2022).
- 1867 - Henri Nestlé develops infant formula recipe (Nestlé, 2022).
- 1900s - until 1950, western and colonial doctors frequently recommended bottle-feeding to women and believed it was highly effective at preventing diseases in tropical and semitropical countries (Sasson, 2016).
- 1905 - The two competitors merge to create a modern Nestlé Group company. The firm benefits from the period of prosperity known as the Belle Époque or ‘Beautiful Age’ and becomes a global dairy company (Nestlé, 2022).
- 1914 - WWI began, and Nestlé signed government contracts for chocolate and condensed milk. (Nestlé, 2022).
- 1917 - Nestlé is forced to surrender fresh milk supplies to Switzerland, and demand for condensed milk rises (Nestlé, 2022).
- 1918 - Nestlé acquires 40 factories in multiple countries, including U.S. and Australia, to meet demand (Nestlé, 2022).
- 1920 - Nestlé dominated the market by 1920 and had over 80 factories and 300 sales offices, depots, and agencies worldwide (Baker et al., 2021).
- 1920 - bottle-feeding becomes part of colonial policies for combating infant mortality in several areas, including colonial Malaya, the Belgian Congo, Sudan, French West Africa, Vanuatu and Fiji, and the Philippines (Sasson, 2016).

- 1921 - Nestlé faces a financial crisis as war demand ceases causing prices to fall and high stock levels (Nestlé, 2022).
- 1922 - Administration is centralized, and research is consolidated at one laboratory in Vevey, Switzerland (Nestlé, 2022).
- 1929 - Wall Street Crash reduces consumer purchasing power (Nestlé, 2022).
- 1930s - to mid-1970s, women's participation in the economy continued to rise, with the gains primarily owing to an increase in work among married women (Yellen, 2020).
- 1937 - The company continues to develop baby and infant foods and launches Pelargon, a full-milk powder for babies enriched with lactic acid bacteria, to improve its digestibility (Nestlé, 2022).
- 1939 - WWII begins, and Nestlé relocates some managers to a new office in Stamford in the U.S., which operates as the company's second headquarters during the war. War prevents Nestlé milk exports from Europe. The company supplies Africa and Asia from the U.S. and Australia and expands production in Latin America (Nestlé, 2022).
- 1945 - WWII ends, and Nestlé focuses on improving and expanding product convenience (Nestlé, 2022).
- 1950 - 5 percent of American women reported breastfeeding their babies for an extended period of a few months, and only 24 percent of mothers in hospitals breastfed at all (Freeman, 2019).
- 1954 - Nestlé infant cereal has been available since 1948 as a powdered product, but it is now rebranded as Cerelac (Nestlé, 2022).
- 1970 - 50 percent of single women and 40 percent of married women were participating in the labor force (Yellen, 2020).

- 1970 - Nestlé owned between 30% to 50% of the world market with almost no market shares in the United States (Baker, 1985).
- 1973 - The New Internationalist published an exposé on Nestlé's marketing practices, "Babies Mean Business," which described how the company got Third World mothers hooked on baby formula (Krasny, 2012).
- 1974 - "The Baby Killer," a booklet published by London's War on Want organization, really blew the lid off the baby formula industry (Krasny, 2012).
- 1974 - Nestlé sued a War On Want publisher for libel in 1974 (Krasny, 2012).
- 1975 - At the height of the Nestlé controversy, the company led eight BMS companies to establish the International Council of Infant Food Industries (ICIFI), a lobbying group that suppressed public health opponents and consumer protests (Baker et al., 2021).
- 1976 - Nestlé won the suit, said Baby Milk Action, but with a caveat: The judge urged them to "modify its publicity methods fundamentally." Time Magazine declared this a "moral victory" for consumers (Krasny, 2012).
- 1977 - Infant Formula Action Coalition launched a boycott in the U.S. protesting Nestlé (Krasny, 2012).
- 1977 - According to Nestlé, "declining breastfeeding rates lead some activists to question companies' baby food marketing strategies, including Nestlé. In 1977 they called on people to boycott Nestlé products" (Nestlé, 2022). The company makes no other mention of this in their company history and states it was the first company to adopt the WHO Code.
- 1978 - Nestlé began efforts to compensate for its international losses by gaining a larger share of the U.S. market (Freeman, 2019).

- 1978 - Senator Edward Kennedy held a series of U.S. Senate Hearings on the industry's unethical marketing practices. International meetings with the World Health Organization, UNICEF, and The International Baby Food Action Network followed (Krasny, 2012).
- 1981 - The International Code of Marketing Breast-Milk Substitutes was created (Krasny, 2012).
- 1981 - The United States Agency for International Development official, Dr. Stephen Joseph, blamed instant formula for millions of infant deaths due to malnutrition and diarrheal diseases. "He and many other physicians argue, however, that most third-world women cannot use formula safely and that, as a result, their babies become seriously ill and malnourished. They also charge that aggressive marketing of formula has contributed to a vast shift away from breastmilk, the safest and most nutritious food for infants" (Solomon, 1981).
- 1981 - 34th World Health Assembly adopted Resolution WHA34.22, including the International Code of Marketing Breast-Milk Substitutes (Krasny, 2012).
- 1982 - Outside commission set up by Nestlé to monitor the Swiss company's compliance with the WHO infant formula marketing code, said that the company has "responded fully" to recommendations from his commission to improve its sale instructions to Nestlé representatives worldwide (Russell, 1982).
- 1984 - Three years after the code had been adopted, Nestlé agreed to implement it, signing an unprecedented agreement with its non-governmental critics, and thereby ending a seven-year international consumer boycott of its products (Sasson, 2016).
- 1984 - The boycott was suspended but resurfaced later when Ireland, Australia, Mexico, Sweden, and the U.K. adopted the cause. (Krasny, 2012).

- 1993 - Nestlé sued the AAP, Abbott, and Mead under the Sherman Act, claiming that they had conspired to prevent Nestlé's entry into the American formula market by jointly developing opposition to direct-to consumer advertising (Freeman, 2019).
- 1997 - New CEO Peter Brabeck-Letmathe sees growth potential in personalized nutrition. He articulates Nestlé's position as the leader in 'Nutrition, Health, and Wellness' as the millennium approaches (Nestlé, 2022).
- 1999 - Britain's "The Mark Thomas Product" show skewered Nestlé when its host asked heads of the company why they misrepresented their products—and labeled them in English (Krasny, 2012).
- 2002 - The Nestlé Feeding Infants and Toddlers Study (FITS) and Kids Nutrition and Health Study (KIDS), started by Gerber, is the largest dietary intake study in the United States that examines what and how infants and toddlers eat every day (Nestlé, 2022).
- 2003 - Researchers from the British Medical Journal reported Nestlé was advertising formula products to improve health while concealing the health hazards of breastmilk substitutes in Togo and Burkino Faso. "Makers of baby formula are violating international marketing codes by giving free samples and gifts to health workers to promote their products in poor African countries" (Dairy Markets, 2003).
- 2007 - A growing focus on medical nutrition leads Nestlé to acquire Novartis Medical Nutrition. It also buys baby food company Gerber (Dairy Markets, 2003).
- 2009 - The first Creating Shared Value Forum in New York brings together experts to discuss global challenges in nutrition, water and rural development, and the role of business in helping to solve them. The Forum becomes an annual event. Nestlé created a foodservice business division named Nestlé Professional. (Nestlé, 2022).

- 2010 - Baby Milk Action, a nonprofit aimed at protecting breastfeeding and exposing the conflict, created the “Nastie” logo for a mockumentary on Nestlé (Krasny, 2012).
- 2010 - “Baby Milk Action held an annual boycott demonstration at Nestlé’s U.K. H.Q. in Croydon to highlight how the company has rolled out logos on products in 120 countries claiming its milk ‘protects’ babies” (Blythman, 2010).
- 2011 - Nestlé Health Science and the Nestlé Institute of Health Sciences are established to research science-based nutritional products to prevent and treat chronic medical conditions (Nestlé, 2022).
- 2012 - Nestlé acquires Wyeth Nutrition, formerly Pfizer Nutrition, for USD 11.9 billion to strengthen its position in infant nutrition (Nestlé, 2022).
- 2012 - Hong Kong Infant and Young Child Nutrition Association, a trade association representing Abbott, Danone, RFC, Mead Johnson, and Nestlé, opposed a draft regulation that would ban the promotion of foods for children aged 0–36 months” (Baker et al., 2021)
- 2013 - Fourteen out of Nestlé’s twenty-two lobbyists had previously held government positions. Nestlé spent nearly \$5 million dollars on lobbying that year, with a focus on nutrition labeling, food safety, and the reauthorization of the Supplemental Nutrition Assistance Program (SNAP, formerly known as the Food Stamp Program). SNAP allows its participants to use their benefits to purchase formula (Freeman, 2019).
- 2014 - Nestlé alone spent an estimated \$160,000 lobbying in relation to the WIC program (Baker et al., 2021).
- 2014 - the FDA issued a warning letter to Nestlé, advising that statements on the label of the company’s Gerber Good Start Gentle Infant Formula violated the Food, Drug and

Cosmetic Act because they were misleading and misbranded the product (Freeman, 2019).

- 2017 - Nestlé announces that it will explore strategic options for its U.S. confectionery business and extends its consumer healthcare portfolio with the acquisition of Atrium Innovations. The move supports Nestlé's pursuit of growth opportunities in consumer healthcare complements the company's focus on high-growth food and beverage categories such as coffee, pet care, infant nutrition, and bottled water. (Nestlé, 2022).
- 2018 - One modern study conducted between 1970 and 2011 compared infant mortality rates against Nestlé's annual corporate reports to discover a strong correlation. "Our key finding is that the availability of formula increased infant mortality by 9.4 per 1000 births, 95% among mothers without access to clean water. We estimate that the availability of formula in low and middle-income countries resulted in approximately 66,000 infant deaths in 1981 at the peak of the infant formula controversy" (Anttila-Hughes et al., 2018).
- 2018 - The Access to Nutrition Initiative, a third-party safety auditor, ranked Nestlé as the second most compliant company by WHO Code standards, although the company only scored 45% to 36% compliance (Baker et al., 2021).
- 2018 - Nestlé Nutrition and Health Science division, responsible for BMS sales, was the second-largest contributor to total global sales, but the most important for generating new sales growth (Baker et al., 2021).
- 2018 - Nestlé has marketed products in 190 countries with 22 BMS brands worldwide and 114 markets with subsidiary/ affiliated firms (Baker et al., 2021).

2018 - Nestlé also had 443 factories across 80 countries, of which 40 were listed as the division that manufactures BMS. (Baker et al., 2021).

2018 - Changing Markets Foundation reported multiple code violations regarding false nutritional advertising. “The study, which analyzed over 70 Nestlé baby milk products in 40 countries, also found that Nestlé often ignored its own nutritional advice in its advertising” (Neslen, 2018).

2019 - Changing Markets Foundation and SumofUs publicly published Nestlé formula study. Nestlé continues to promote the benefits of formula products more strongly in developing nations where consumers will pay more to guarantee the health of their babies. (Changing Markets Foundation & SumOfUs, 2019).