

**Nestlé Creating Shared Value:  
Nestlé Waters Canada (A Canadian Perspective)**

**By: Lily Harris**

Nestlé is one of the world's largest food and beverage companies, with a longstanding history since its inception in 1866 (Nestlé, n.d., para. 1). Over the years, the company has been involved with scandals of child labour, unethical promotion, pollution and mislabeling (Andrei, 2015, p. 1). Despite this reputation, the corporation asserts a strong commitment to creating shared value for all of the communities with which it is involved. Water security, plastics use, and environmental sustainability are high on the organization's list of business principles (Nestlé Canada, n.d., para. 5). Corporate social responsibility (CSR), a company's commitment to managing the social, environmental and economic effects of its operations responsibly, aligns closely with environmental sustainability activities (BDC, n.d., para. 1). Corporate social responsibility and environmental sustainability make up Nestlé's dedication to creating shared value, which is aimed at achieving the "triple bottom line": people, planet and profit (Singh, 2013, para. 4).

**Issue Summary**

As of late, Nestlé has been in the spotlight of Canadian news sources due to its water extraction activities. This issue relates specifically to Nestlé Waters Canada, but also Nestlé as a whole. Throughout this report, Nestlé Waters Canada, Nestlé Canada and Nestlé will be used to refer to the company and its business activities. Many parts of Canada have faced drought conditions in recent years (The Council of Canadians, n.d.). Some Canadian communities do not

have adequate access to water, some of these being several Indigenous reserves (Shimo, 2018).

A Guelph-based activist group called Wellington Water Watchers, which is dedicated to the protection, conservation and restoration of drinking water, has criticized the government and Nestlé for extracting drinking water from community reserves (Wellington Water Watchers, n.d.). Sources say that the corporation is extracting on expired permits (Arsenault, 2017, para. 1). These activities counter Nestlé’s dedication to creating shared value. This issue will be discussed further throughout this report, along with recommendations for mediating the conflict and a communications plan to execute these recommendations.

**SWOT Matrix**

| <b>Strengths</b>   | <b>Weaknesses</b>   |
|--|---|
| <ol style="list-style-type: none"> <li>1. A large corporation with strong brand recognition and a broad product portfolio (Pestle Analysis, 2015, para. 4).</li> <li>2. Existed since 1866 and has dealt with previous scandals due to a strong brand and reputation (Andrei, 2015, p. 1).</li> <li>3. Strong geographic presence (Jurevicius, 2017).</li> </ol> | <ol style="list-style-type: none"> <li>1. History of scandal – social, economic, cultural (Andrei, 2015, p. 1).</li> <li>2. Criticism over high water usage and excessive waste (Jurevicius, 2017).</li> <li>3. Sales depend on a few well-recognized brands (Pestle Analysis, 2015, para. 4).</li> </ol> |

| <b>Opportunities</b>   | <b>Threats</b>   |
|--|--|
| <ol style="list-style-type: none"><li data-bbox="253 268 760 380">1. Increased emphasis on transparency and ethics (Epley &amp; Kumar, 2019).</li><li data-bbox="253 415 732 596">2. Move towards healthy living and greater disposable income (Pestle Analysis, 2015; Raymond, 2017).</li><li data-bbox="253 632 781 812">3. Greater portability of water and accessibility in a variety of stores (online and in-person) (CBWA, n.d.).</li></ol> | <ol style="list-style-type: none"><li data-bbox="873 268 1382 449">1. Changes in government permits and regulations (The Canadian Press; 2017; Pestle Analysis, 2015).</li><li data-bbox="873 485 1419 665">2. Shift away from bottled water, relating to water security and scarcity (Pestle Analysis, 2015, para. 7).</li><li data-bbox="873 701 1406 812">3. The rise of social media (Carpenter &amp; Lertpratchya, 2016).</li></ol> |

### **Strengths**

Nestlé operates and sells its products in 189 countries globally, giving it a diverse geographic presence that rivals competitors PepsiCo and Coca-Cola (Jurevicius, 2017). The company also has an expansive product portfolio that covers seven different categories: powdered and liquid beverages, milk products and ice cream, prepared dishes and cooking aids, Nestlé nutrition, pet care, confectionery and water (Jurevicius, 2017). This protects the company from changing consumer demand, backlash, and potential downturns in global food shortages (Jurevicius, 2017). The corporation is historically known for a number of reputational scandals (Andrei, 2015, p. 1). Due to this and the corporation's size, it is better able to deal with communications crises and large-scale complications. Additionally, Nestlé has a strong geographic presence in 189 countries as of 2017 (Jurevicius, 2017). This allows for the corporation to have global reach with a wide range of strategies for each locale. The organization

now has the history and appropriate resources to manage issues like the one presented by Wellington Water Watchers (Comcowich, 2018).

### **Weaknesses**

Nestlé Waters Canada is currently receiving backlash from for exploiting Canadian communities for bottled water, in addition to uncontrolled water in drought-ridden California (Jurevicius, 2017). It's important to note that depending on how Nestlé approaches the issue of water security, its past could be used as either a weakness or a strength. As mentioned, Nestlé has experienced significant backlash with regards to high water usage, contaminated food and child labour (Jurevicius, 2017). The company's baby formula scandal from the 1970s still leaves a tainted organizational reputation (Sartore, n.d.). On top of this, the organization endured a recall of Maggi noodles in India during its 2015 year (Comcowich, 2018, para. 1). With this, many communities in the U.S. and Canada have encountered issues with Nestlé's commoditization of water (Jurevicius, 2017). This creates a negative brand image for the organization at the moment.

Additionally, Nestlé sales depend on a few well-recognized brands, which means that any sudden change in consumer demand could halt the company's profit in a specific category (Pestle Analysis, 2015, para. 4). Any movement away from plastic and other traditional bottle materials poses a threat to Nestlé Waters Canada and Nestlé as a whole. The Wellington Water Watchers' movement, along with other surrounding Ontario towns could threaten the success of Nestlé if the activist groups are able to sway public opinion (Wellington Water Watchers, n.d.).

### **Opportunities**

Transparency and ethics are increasingly important in this globalized age of social media (Epley & Kumar, 2019). The idea of 'label transparency' contributes heavily to millennial

purchasing behaviour (Fromm, 2017, para. 1). Consumers are extremely conscious of where food comes from and where it is made (Jurivicius, 2017). If Nestlé is to provide detailed labelling and increase its transparency, the company might experience an increase in sales and support regarding its water-related business practices.

Nestlé could have an opportunity in the world's recent interest in health and nutrition. Bottled water is becoming increasingly popular across the world, partially due to the emphasis on healthy living, but also due to the higher amount of disposable income that individuals now possess (CBWA, n.d.). Bottled water is seen as a natural product and a vital part of a healthy lifestyle (CBWA, n.d.). Individuals are more able to travel with bottled water, and it is highly accessible online, in-store and in vending machines across the world. This recent shift could increase sales for Nestlé as it continues to bottle water across Canada, due to increased demand and purchasing power (Hayes, 2019, p 1).

### **Threats**

Changes in government policy and permits for water extraction have the potential to threaten Nestlé's sales. These might halt business activities, making it difficult for the company to continue producing bottled water specifically in Canada. So far, the permit renewal process has not negatively affected Nestlé Waters Canada (Arsenault, 2017, p 1). However, if the government continues to restrict extraction activities, Nestlé might experience a loss. Depending on where Nestlé is engaging in business activities and based on the corporation's past scandals, the company could be vulnerable to liability claims and continued backlash.

Water scarcity is a threat that is posed to many organizations across the world. If this continues, Nestlé can expect an increase in water prices and barriers to access water for bottling (Jurivicius, 2017). Potential changes in demand away from bottled water would put significant

AUTHOR: Lily Harris

strain on Nestlé's water-related profits and activities. Since beverages make up over 25 per cent of Nestlé's total sales and water is used to produce all of these products, the corporation will be directly affected by the impending issue of water scarcity (Jurivicius, 2017). Nestlé believes that the issue of water scarcity can only be solved by working with local communities (Nestlé Waters, n.d.). Although this is not a topic of concern at the moment, as many are still drinking bottled water to attain a healthy lifestyle, this could change with the world's increased focus on sustainability and zero-waste (Gifford, n.d., p. 1).

The rise of social media has provided companies with both opportunities and threats. In this case, due to Nestlé's history of scandal, the emphasis on transparency through social media could threaten the company and its ability to control the narrative surrounding the Wellington Water Watchers. Similarly, in the company's 2015 Maggi noodle recall, the organization was unable to control the narrative on platforms like Twitter, Facebook and Instagram (Comcowich, 2018, p. 1). We see a similar issue with the way that CEOs are presented in economic downturns; often they must communicate with the public in some way (Halff, 2013, pp. 234-243).

### **Recommendations**

At the moment, Wellington Water Watchers is criticizing the government for allowing corporations with expired permits too much leniency during the reissuing permit stage (The Canadian Press, 2017, para. 11). Nestlé is using Indigenous water resources, without creating shared value for Indigenous peoples (Shimo, 2018, p. 1). The corporation is not upholding one of its major values: creating shared value in the communities that it operates (Nestlé Waters, n.d.). There are currently 50 Indigenous communities with long-term boil water advisories and many do not have workable plumbing or functional water plants (Shimo, 2018, p. 1). Wellington Water Watchers contends that Nestlé Waters Canada is threatening the protection of various Ontario

communities because the corporation is extracting from long-term water reserves (Armstrong, 2019, para. 9-15). The following recommendations and communications plan stem from the issue of water scarcity and Nestlé Canada's water bottling practices.

### **News Release**

Nestlé will benefit by issuing a news release to the communities that it is working within. The release will outline the organization's efforts in creating shared value for the communities that it works within, and demonstrate its appreciation for these locales. This will ensure that Nestlé Canada's strategies and practices are anchored directly in the corporation's foundational pillars and objectives (Epley & Kumar, 2019, p. 1). The apology will relate specifically to Nestlé Waters Canada, a branch of the food and beverage company.

### **Community Workshops & Indigenous Spokesperson**

From the research and information collected, Nestlé will benefit from holding regular workshops in local communities and choosing a number of Indigenous leaders to take part in decision-making sessions. Workshops would cover a wide range of topics including: water scarcity, Nestlé's water activities specific to each community and various community-specific issues. These would ensure that Nestlé's key publics are getting the most benefit from their relationship with the corporation.

With regard to an Indigenous spokesperson, Nestlé has been targeted for the exploitation of Indigenous communities within Canada (Shimo, 2018, p. 1). Various Indigenous communities, including the Six Nations of Ontario, are left with very little usable drinking water, if at all (Shimo, 2018, p. 1). In order to consider people, planet and profit, Nestlé will benefit from giving Indigenous leaders a seat and a voice at the decision-making table. As Canada shifts

to an increase in recognition and implementation of Indigenous rights, it would be beneficial for Nestlé to follow suit (Government of Canada, n.d.).

### **Communication Plan**

Nestlé Canada aims to reach three of its main publics with the listed communications initiatives: employees, local communities and shareholders. It is important to note that these aggregations of people are not mutually exclusive. The following suggestions work to address the threat of water scarcity by utilizing the opportunity of ethics and transparency.

The various strategies and tactics used for Nestlé's communication plan reinforce the following *key messages*:

- Nestlé Waters Canada is dedicated to creating shared value.
- Nestlé Waters Canada appreciates and values the Canadian communities that the company works within.
- Nestlé Waters Canada is aware of the big picture issue of water security and is committed to alleviating global issues with the help of its partners and local communities.
- Nestlé Waters Canada prioritizes ethics, accountability and transparency.

Both communication pieces work to change the public discourse for Nestlé Waters Canada, like those coming from Wellington Water Watchers, from a negative profit-motivated perspective to a positive community-motivated perspective. Nestlé Waters Canada and Nestlé as a corporation, aim to support, value and work with communities to protect water security.

## **Tactics**

### **News Release Public Apology**

Nestlé Waters Canada will reach all local communities affected by its water bottling activities in Canada, through a public apology issued by a news release (see Appendix One). This will communicate to all publics mentioned at the beginning of the communications plan, that Nestlé Waters Canada is devoted to creating shared value and maintaining positive relationships with local communities. The organization recognizes that many individuals are worried about water security, and the corporation wants to remain transparent and accountable for its business activities. Ideally, if the communications tactic is successful, local communities and Nestlé's public will be reassured about the company's business intentions.

### **Community Workshop Social Media Post**

The social media graphic (found in Appendix Two) will be posted on all social media accounts, primarily Facebook, Twitter and Instagram. It will be shared to generate interest and awareness regarding the corporation's commitment to local communities. A similar social media graphic will be used to promote the new appointing of various Indigenous chiefs on Nestlé Waters Canada's decision-making boards. Nestlé is looking to onboard Six Nations Chief Mark Hill to demonstrate its dedication to the Indigenous communities of Canada. If successful, these communications tactics will generate public interest in Nestlé's workshops, creating a positive brand image in the minds of its publics.

## **Conclusion**

Nestlé, as a multinational corporation, has a significant influence on the communities that it is situated within. With a history of scandal and tainted organizational reputation and its relation to global issues like water scarcity, Nestlé Waters Canada must be extremely careful

AUTHOR: Lily Harris

about the way that it conducts its business across the country. With activist movements like Wellington Water Watchers, Nestlé risks compromising its social standing and reputation. In order to uphold ethics and transparency, the corporation must be open and honest about its business activities. In order to maintain the triple bottom line and its core beliefs regarding corporate social responsibility and shared value, Nestlé should engage in monthly informational workshops and distribute an honest press release. Together, these will ensure that the company is acting in the best interests of both its stakeholders and shareholders.

### References

Andrei, M. (2015, May 19). Why Nestle is one of the most hated companies in the world.

Retrieved from <https://www.zmescience.com/science/nestle-company-pollution-children/>

Arsenault, C. (2017, October 19). Nestlé is extracting water from Canadian towns on expired

permits. Retrieved from [https://www.vice.com/en\\_ca/article/595wy5/nestle-is-extracting-water-from-canadian-towns-on-expired-permits](https://www.vice.com/en_ca/article/595wy5/nestle-is-extracting-water-from-canadian-towns-on-expired-permits)

Armstrong, K. (2019, November 19). Ontario government extends moratorium on new water

taking permits. Retrieved from <https://www.guelphtoday.com/local-news/ontario-government-extends-moratorium-on-new-water-taking-permits-1857173>

BDC. (n.d.). Corporate social responsibility. Retrieved November 23, 2019, from

<https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/templates-business-guides/glossary/pages/corporate-social-responsibility.aspx>

The Canadian Bottled Water Association. (n.d.). The bottled water industry. Retrieved from

<https://www.cbwa.ca/index.php/about-cbwa/the-bottled-water-industry.html>

The Canadian Press. (2017, November 26). Ontario allowing bottled water companies to take 7.6

litres a day on expired permits. Retrieved from

<https://www.cbc.ca/news/canada/toronto/ontario-water-bottling-1.4420158>

Carpenter, S., & Lertpratchya, A.P. (2016). Social media communicator roles: a scale. *Social Media & Society*, 2(1).

Comcowich, W. (2018, October 4). PR crisis management lessons from the Nestlé maggi noodle

controversy. Retrieved from <https://glean.info/pr-crisis-management-lessons-from-the-nestle-maggi-noodle-controversy/>

- The Council of Canadians. (n.d.). Protect water, boycott Nestlé. Retrieved November 23, 2019, from <https://canadians.org/nestle>
- Epley, N., & Kumar, A. (2019). How to design an ethical organization. Retrieved November 30, 2019, from <https://hbr.org/2019/05/how-to-design-an-ethical-organization>
- Fromm, J. (2017, December 13). Why label transparency matters when it comes to millennial brand loyalty. Retrieved from <https://www.forbes.com/sites/jefffromm/2017/12/13/why-label-transparency-matters-when-it-comes-to-millennial-brand-loyalty/#9f32c3a3daca>
- Gifford, D. (n.d.). Why you should finally give up bottled water for good. Retrieved November 30, 2019, from <https://www.smallfootprintfamily.com/why-plastic-bottles-are-bad-for-the-environment>
- Government of Canada. (n.d.). Overview of a recognition and implementation of Indigenous rights framework. Retrieved December 10, 2019, from <https://www.rcaanc-cirnac.gc.ca/eng/1536350959665/1539959903708>
- Half, G. (2013). The presentation of CEOs in economic downturn. *Corporate Reputation Review*, 16(3), 234-243.
- Hayes, A. (2019, July 8). Purchasing power. Retrieved from <https://www.investopedia.com/terms/p/purchasingpower.asp>
- Jurevicius, O. (2017, January 7). SWOT Analysis of Nestlé. Retrieved from <https://strategicmanagementinsight.com/swot-analyses/nestle-swot-analysis.html>
- Nestlé. (n.d.). The Nestlé company history. Retrieved November 23, 2019, from <https://www.nestle.com/aboutus/history/nestle-company-history>

Nestlé Waters. (n.d.). About us. Retrieved November 23, 2019, from <https://www.nestle-waters.com/get-to-know-us/through-our-beliefs>

Sartore, M. (n.d.). Remembering the Nestlé baby formula scandal that rocked the 1970s.

Retrieved November 30, 2019, from <https://www.ranker.com/list/nestle-baby-formula-boycott/melissa-sartore>

Shimo, A. (2018, October 4). While Nestlé extracts millions of litres from their land, residents have no drinking water. Retrieved from

<https://www.theguardian.com/global/2018/oct/04/ontario-six-nations-nestle-running-water>

Singh, A. (2013, August 8). Is Nestlé waters really creating ‘shared value’. Retrieved from

<https://www.greenbiz.com/blog/2013/08/08/nestle-waters-really-creating-shared-value>

Wellington Water Watchers. (n.d.). Wellington Water Watchers. Retrieved November 23, 2019, from <https://wellingtonwaterwatchers.nationbuilder.com/>