

The shampoo industry in india marketing essay



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Shampoo is a hair care product used for the removal of oil, dirt, skin particles, dandruff and other environmental pollutants.

Shampoo is derived from the hindi word “ champi” and dates to 1762. Hair Shampoos are targeted at upper middle class, upper middle class and house wives, upper class rural customers and teenages. Consumers attribute lathering as cleaning.

Components

It is generally made by combining a surfactant (sodium lauryl sulphate and/or sodium laureth sulphate) with a co-surfactant (mostly cocamidopropyle betaine) in water to form a thick and a viscous liquid.

Shampoo industry in India

Indians have evolved from a time where “ champi” was the sole mean of haircare. Today, a plethora of options are available from shampoos and conditioners to hair dyes, serums and hair colours. According to AC Nielson, the Indian shampoo industry is estimated at INR14 billion and is growing at an average rate of 20% per annum.

The shampoo industry is divided on two basic platforms - cosmetic (shine, health and strength), herbal and anti-dandruff. The anti-dandruff segment that grows at 10-20% annually is the fastest growing segment.

Shampoo Penetration in India

All India Shampoo - 14%

Urban India - 40%

Rural -10%

Shampoo market is segmented on benefit platforms:

Cosmetic

Anti-dandruff

Herbal

Rural market for shampoo

70% of pop lives in rural India.

More than 50% sales comes from FMCG rural markets.

90% sales comes in form of sachets of INR1-3.

Increasing brand awareness and rising income levels

According to the Nielsen data, the shampoo segment is growing at around INR4000 crore as of January. This segment is growing by over 18% annually. There is a huge competition for a share of pie in the shampoo segment. It enjoys one of the highest penetration in India, that is, around 80-85% across product categories in India. This requires the brands to keep innovating to stay ahead of the growing competition.

Year-on-year growth of the shampoo market over a five-year period in India

Period

Market size (in Rs crore)*

Jan-12

4, 000

Jan-11

3, 478

Jan-10

3, 024

Jan-09

2, 629

Jan-08

2, 286

Jan-07

1, 987

* The market has grown at an estimated rate of 15% year-on-year over the past five years

Source: Market players

Hindustan Unilever (43% or INR1700crore)

Procter & Gamble (29% or INR1, 160 crore)

Cavin Kare (9% or INR360 crore)

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Dabur (7% or INR280 crore)

L'Oreal (4% or INR160 crore)

ITC (1. 1% or INR44 crore)

A Myth

Companies worried about cannibalising sales of similar variants under various brands in their firm?

Satyaki Ghosh, Director, Consumer Products Division says, “ If the pie is big enough, in this case hair fall, one doesn't have to worry. Besides the positioning of the brands - L'Oreal Paris is a premium ' expert care' brand and Garnier is more of a ' beauty' brand-clearly separates the target audience.”

Straddling the price pyramid

The shampoo category is split mainly into the following three segments, based on price:

Economic

Popular

Premium

The marketers are supposed to identify the requirements at each price point and thus formulate the offerings accordingly.

S Viswanathan, General Manager, Marketing Services, CavinKare, says, “ Hair care practices vary across the pyramid. The bottom of the pyramid uses hair oil extensively while the top emphasises more on shampoo usage. Hair problems too will differ accordingly.”

A bottom of the pyramid consumer may favour products with natural ingredients. A premium shampoo user may prefer technology - driven and scientifically backed products.

The rural-urban divide may throw up different hair care issues and resultant needs. “ The urban lifestyle and harsh environmental conditions lead to hair damage. So the demand for a product that restores damaged hair to its former glory has grown a lot among such consumers,” says Nilanjan Mukherjee, Head, Marketing, Personal Care products business, ITC, which launched a premium shampoo brand, Fiama Di Wills based on this platform in the year 2007.

To be successful, companies have to play in all-three segments.

Premium category is dominated by:

HUL's Dove

L'oreal Paris

P&G's Pantene

ITC's Fiama Di Wills

Premium Category Pricing

Brand

Quantity

Price

HUL's Dove

200ml

INR123-130

L'oreal Paris

200ml

INR130-135

P&G's Pantene

180ml

INR120

ITC's Fiama Di Wills

200ml

INR129

Popular Category Pricing

Brand

Quantity

Price

HUL Sunsilk

200ml

INR105

L'oreal Garnier

200ml

INR117

ITC Vivel

200ml

INR89

Cavin Kare Nyle

200ml

INR82

Economic Category Leading Players

ITC Superia

P&G Rejoice

Chik

Clinik Plus

“ The economy segment contributes a little over half to the category in terms of sales. However, the growth has been flat in this segment with the popular category gaining more traction. Over the next few years we expect the contribution of the economy segment to be under pressure as consumers are likely to trade up into the popular segment. The logic being that with rising disposable incomes and increased acceptance of the product, over a period of time, consumers transition from one segment to a higher one,” says Roosevelt D’souza, Executive Director, Nielsen India.

Small is beautiful, is it?

Sachets have become an integral part of the segment in the recent years. Both sachets and bottles are equally important in terms of contributing to the value, but when it comes to volumes, sachets win the game.

The growth in the urban markets has flattened, with the rural markets driving the category. Given that rural markets are price sensitive and consumers prefer sachets to bottles, managing sachet offerings is key to any brand’s success.

The sachet market can be a great leveller for the segment. Even premium brands like Dove and Pantene are available at INR1-INR1. 50, on par with economy and popular brands. Commenting on L’Oreal’s pricing, an industry player says, “ The price point pyramid in sachets cannot be stretched beyond Rs 3. Even heavyweights like Dove and Pantene entered at Rs 3 levels but had to soon succumb to market pressure and bring their prices down. At Rs 4, L’Oreal’s pricing seems a little out of reach.”

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In sachets, INR1 is the most popular price point followed by 50 paise and then INR2.

Procter & Gamble

The Company

P&G's business is focused on providing branded consumer goods products. The company's products have a reach in more than 180 countries and this is primarily through mass merchandisers, grocery stores, membership club stores and drug stores. There is a continued effort to increase the visibility through department stores, salons and high frequency stores. The company has on-the-ground operations in about 80 countries.

Goal

The goal of the company is to provide products of superior quality and value to improve the lives consumers.

Organizational Structure

The organizational structure is comprised of three Global Business Units (GBUs) and a Global Operations group. The Global Operations group consists of the Market Development Organization (MDO) and Global Business Services (GBS).

Global Business Units

The three GBUs are Beauty, Health and Well-Being, and Household Care. The primary responsibility of the GBUs is to develop the overall strategy for P&G's brands. They identify common consumer needs, develop new product innovations and upgrades, and build the brands through effective commercial innovations, marketing and sales. Under US GAAP, the business <https://assignbuster.com/the-shampoo-industry-in-india-marketing-essay/>

units comprising the GBUs are aggregated into six reportable segments: Beauty; Grooming; Health Care; Snacks, Coffee and Pet Care; Fabric Care and Home Care; and Baby Care and Family Care.

PANTENE

Pantene focus: Shine Through Health

Pantene was born of Panthenol, that is the active ingredient developed in Switzerland in 1940. Initially, the compound was created to cure burn victims in World War Two. Hoffman-La Roche, a Swiss drug company, developed Pantene as a shampoo and launched it in Europe in 1947.

Procter & Gamble acquired Richardson-Vicks in 1985, post which Pantene was re-launched nationally in the US. This led to growth in business through increased distribution. Since then, with expansion into Asia, Pantene has become a global brand.

Pantene Pro-V was launched in India in 1995.

Pantene's Unique Selling Proposition

The main ingredient, Panthenol, improves the health and elasticity of hair and moisturizes it.

Key issues faced by Pantene:

Low wash frequency in Asia

Female-centric targeting

Pantene has a low market share in Asia

Stagnant hair care market

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No new product development

Fall in market share

Business Objective

Pantene wants to be the brand with the highest market share in the hair care industry in India.

A Market for Men

62% Men want hair care specifically designed for them. Around 41% purchase their shampoos themselves and 67% visit salons regularly.

Pantene for Men - Shine through Strength is targeting hair loss and thinning of hair issues faced by most males.

Various offerings

Pantene Pro-V Anti-Hair Fall Shampoo

The brand in this product advertising promise its consumers, " Think your hair is here today and gone tomorrow? Think again. Pantene Anti-Hair Fall strengthens each strand from the root to the tip reducing breakage up to 95% in just 2 washes. Pantene Pro-Vitamin Hair Fall shampoo formulas when used with a Pantene Pro-V conditioner leave hair healthy and strong in 10 days or less. Your hair will live on!"

Pantene Pro-V Milky Extra Treatment Shampoo

For those who are experiencing split ends and totally damaged hair, Pantene Pro-V Milky Extra Treatment Shampoo is the thing. The product is stated itself as, " Do you believe in miracles? Watch the magic of Pantene Milky Extra Treatment. It has been examined that the special formula of vitamins <https://assignbuster.com/the-shampoo-industry-in-india-marketing-essay/>

and milky lotion penetrates into dry and brittle hair and transforms each strand, making it stronger, healthier and full of life. It provides a complete cleaning that gives a moisturized, healthy feel to your hair with a lustrous shine from top to bottom. Keep the moisture in and damage out”.

Pantene Pro-V Deep Black Shampoo

This variant is for people having dull hair. The product claims that “ Bad hair days will soon become a distant memory. Pantene Deep Black with Pro-V formula contains Amino-S which nourishes dry and dull hair, darkening each strand through intense moisturization from root to tip.

Distribution Channel of Pantene

Branding and Advertisements

Live. Recreate. Relive.

Spring of Life!

Pro-Voice

It was a program by P&G designed to speak to women of age 18-24 years, where unsigned singers and songwriters submit songs, and are judged by their peers as well as by a celebrity judge panel, and that created a community for young women to really say, hey, Pantene is in my world, Pantene understands what I’m about, they’re not just trying to sell me some product. And it worked great; we had a one hour special on MTV.

10-Day Challenge

This is a program in which the famous celebrity stylist ‘ Shahzad Raza’ provides support to the challenger and help him/her in gaining the healthy and fit hair what a brand claims in all marketing campaigns.

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Advertisement Media Used

MEDIA

USED

TV Commercials

Yes

Radio

No

Internet

No

Billboards/Hoardings

No

Magazines

Yes

Newspapers

Yes

Hindustan Unilever Limited (HUL)

HUL holds the largest share in the market, that is, 43% or INR1700crore. It holds four shampoo brands - Dove, Clear, Sunsilk and Clinic Plus. Market shares of other leading brands are:

DOVE

Dove introduced its hair care range in 1998 in Europe and in 2003 in North America. In India, it was launched in 2007. Within 15 months of its launch, Dove became the fastest growing shampoo brand in the country.

Dove has a range of hair care products that repair accumulated damage to the hair. The new Zero Damage System repairs and protects hair from damage. The range includes 'daily therapy' shampoo and conditioner, 'dry therapy' shampoo and conditioner, 'breakage therapy' shampoo, conditioner, serum and hair mask.

Dove hair care products are useful in preventing anti aging and anti frizzing. The new Dove range of shampoos has been designed to particularly focus on issues related to coloured hairs.

It is popular among high class and upper middle class people. It targets women of all ages.

It launched its hair care in May 2007.

Tagline

More beautiful hair with every wash

Ingredients

The ingredients are Aqua, Sodium Laureth Sulfate, Sodium C12-13 Parth Sulfate, Cocamidopropyl Betane, Glycol Distearate, Dimethiconol, Glycerin, Tea-Dodecylbenzene sulfonate, Lauryl Glucoside, Arginine, Panthenol, Hydrogenated Palm Glucoside, Carbomel, Sodium Chloride, Guar

Hydroxypropyltrimonium Chloride, Sodium Hydroxide, Citric Acid, Parfum, DMDM Hydantoin.

Various Offerings

Dove Intense Repair

Dove believes that the every hair is different and different hair needs different solutions. Dove Intense Repair corrects the real cause of split-ends or damage. Its' 1/4 moisture milk and fibre actives go deep inside to repair damage so that the split-ends are lost without losing hair-length.

Dove Hair Fall Rescue

Dove Hair Fall Rescue goes deep inside to repair damage so that there is lesser hair fall.

Dryness therapy

Dove Dryness Care restores the hair's lost moisture and keep dryness caused by damage at bay making the hair soft and smooth.

Dove daily shine shampoo

It contains patented micro moisture serum that defends hair against constant aggressions that cause dullness.

Dove dandruff care

ZPTO & micro moisture serum combination keeps dandruff under control without drying hair, from the first wash.

Branding and Advertisements

Real Women

Dove shampoo uses “ real women” to campaign and sets out the myth that only models are “ beautiful.”

Real Beauty T-shirts

The company gives out free Real Beauty T-shirts on purchase of new products launched in the market.

Your Dove

It entitles the users to preview special offers and product innovations, access to expert advices, tips to create own personalised beauty care routines.

Self-esteem campaign

It appealed to the aesthetic needs of the consumers and focused on the need to feel good. It used oversized models and elderly women to convey the idea.

Dove Evolution Film

There is a shift from broadcast media to digital media. This gave the brand a wide exposure.

Dove’s USP

Available for different hair types

Focuses on Indian hair problems

Focuses on emotional selling proposition

It makes an ordinary women to be a super model

Channel Distribution

Dove flies high; Pantene waits in the wings

When HUL chose to give a

[http://2. bp. blogspot.](http://2.bp.blogspot.com/-gjrGO36ra8/T_bxxjJ2GI/AAAAAAAAAJ1o/iU6YxZ0k8WU/s1600/pantene-pro-v-ele-logo-prewka1.jpg)

[com/-gjrGO36ra8/T_bxxjJ2GI/AAAAAAAAAJ1o/iU6YxZ0k8WU/s1600/pantene-pro-v-ele-logo-prewka1. jpg](http://2.bp.blogspot.com/-gjrGO36ra8/T_bxxjJ2GI/AAAAAAAAAJ1o/iU6YxZ0k8WU/s1600/pantene-pro-v-ele-logo-prewka1.jpg)

With P&G upping the ante in the crucial segment of shampoos, analysts say Dove's position could be challenged in the future.

P&G has re-launched Pantene with a new formulation and packaging in five Asian markets including India, say industry sources. The pricing is also competitive - a 90-ml Pantene bottle is available at INR59, while a 100-ml Dove (there is no 90-ml bottle) is priced at INR64 respectively. Pantene's 200-ml bottle, meanwhile, is available at INR117, which is also the case with Dove, though the latter's anti-dandruff variant is available at INR134 for a 200-ml bottle.

HUL vs P&G

It is believed that HUL enjoys a better distribution channel than P&G. The reasons for which can be that HUL retailers get better credit facilities, and P&G sales executives follow a similar pattern of sales and marketing.

Current Market Scenario

L'oreal

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So L'Oreal's Fall Repair 3X range of shampoo is bolstered with arginine.