

# Nivea: softening and standardizing global markets

[Finance](#), [Market](#)



The brand's positioning also made it distinct from other products on the market: It was a multipurpose cream sold at a price that made it available to the masses, rather than to only the upper-class women who were the competition's target market. Over the years, Nivea's positioning strategy has remained as simple and steadfast as the now-familiar blue-and-white package. Despite all the technological developments the company has introduced in skin care products, and all the markets it has sold in, Nivea's marketing always focuses on key brand benefits—high quality, reasonable price, straightforward approach, and mild skin care.

This commitment to the mainstream market and focus on multipurpose applications means that every product introduced under the Nivea name has to conform to guidelines which ensure that everyone working on the brand around the world knows what it stands for. Nivea's marketing strategy is well stated by Roll Sunnis, chairman of the Beresford Group: "The strategy of concentration on exploiting market potentials and regional growth opportunities is to be continued. The same applies to moves into new market segments and to increased investment in research and development.

Exploiting market potentials means constantly introducing new products that meet current market needs and the needs of newly targeted market segments. One example from the past is Nivea's emphasis on health and active lifestyles as more women went to work in the 1950s. Others include the introduction of sunscreen, skin protection, and tanning products to match the more active, outdoor lifestyles in vogue from the 1950s to today: plus products for every skin type and need. To meet the needs of new

market segments, Naive expanded its product lines to include children and men.

All these new products were guided by the Naive standards: each product must meet a basic need, be simple and uncomplicated, not offer to solve only one specific problem, be a quality leader, and be priced such that consumers perceive a balanced cost-benefit relationship. Bed's new product strategy was honed in the sass when competitive challenges prompted the company to take steps to revivalist the brand. It used a two-pronged approach. First, to counteract perceptions hat Naive had an older, less dynamic image, the company for the first time described specific product benefits In Its advertising.

Before this, advertising had focused on the variety of settings In which each product could be used, Second, BFD Introduced additional products that would leverage the recognition and reputation of the Naive name In growing segments AT ten mar et K . Nines are sun-Dramas, sun as Naive Shower and Bath, Naive for Men, Naive Sun, Naive Hair Care, Naive Body, Naive Visage, and the recently introduced Naive Baby. In 1990 BFD internationalization its rand's by creating a worldwide name for each product category and implementing common packaging on a global basis.

Moreover, all ads, regardless of the country in which they ran, had to evoke a common emotion, use the same typeface, incorporate the same kinds of people, and use a uniform Naive logo. The result is a highly standardized approach to global marketing. Rather than focusing on the individual differences among peoples around the globe, the firm focuses on the

similarities. After all, as one company official notes, all people have skin and many people have the same needs and ideas. This leads to a direct approach and a high degree of consistency.

When a firm operates in as many markets as BFD, consistency, simplicity, and focus on the same benefits not only create a universal brand image, they also reduce headaches. Many fewer marketing decisions have to be made. Standardized advertising campaigns need be adapted only slightly by translation into the local language. Because the costs can be spread around the globe, it's much less expensive to run a single global campaign rather than many separate regional ones. And marketing control is much simpler and easier with a standardized program.

Packaging costs are reduced and product recognition is very high when people encounter the product in other countries and cultural situations. The second element of the BFD strategy is exploiting regional growth opportunities. Doing so, however, may necessitate some adjustments to the standardized approach. Because Naive Creme is a European product, its appeal and marketing approach can be very similar in many parts of the globe. The United States, Canada, Latin America, and South America were all populated by European settlers.

This produces some commonality in cultural background and light skin type, with the result that many products developed for the German market can be sold in these markets with little or no product or marketing adaptation. A focus on healthy, glowing skin will sell cosmetics in nearly all these markets. Of course, the company might use darker-haired models with more olive

complexions in the Latin and South American markets. And it might develop tailored sub-brands and programs for important sub-segments of all these markets.

However, as Naive moves further away from this common European cultural base, its products may be less well suited to the market. This is particularly true in African nations, where a majority of people have much darker skin and may require different sorts of moisturizer and sunscreen products. In between the European and African markets are the Asian markets, which are characterized by yellow and frequently more pale complexions. Although Naive sells well in some Asian markets, such as Indonesia and Thailand, it sells less well in Japan.

The difference in sales is attributable to both market and cultural conditions. In the past, Japanese markets were strongly protected and there was relatively little competition from non-domestic manufacturers. Unfortunately for Japanese merchants, the resulting high prices provided a strong lure to foreign producers. When BFD first entered the Japanese market, it was highly successful. But as Japanese markets have opened up, competition has increased, price maintenance has been abolished, and prices have fallen.

As a result, BFD has reduced the number of products sold there, and focused on ten more pro Detailed ones. I nerve are cultural Territories Detente markets sun as Germany, the United States, and Japan. Germany and the United States are classified as " low-context countries," which means that ads should state explicitly what the product will do. Japan, in contrast, is a " high-context" country in which product claims do not need to be stated

explicitly. Rather, because Japanese consumers want to form relationships with companies, the company itself should be prominently featured in advertising.

If the company is worthy of consideration, then the quality of TTS products is assumed to be high. Thus, an advertising campaign prepared for Germany requires more than just a little tweaking in order to promote products successfully in Japan. All these differences argue for more adaptation of Naive products and marketing to match cultural and market differences outside Germany and the European market. However, as economies develop, they tend to acquire many of the same tastes as developed economies. An example is Russia, where men -? especially younger men-? are beginning to spend more on cosmetics.

They are eyeing many of the same brands as their Western European counterparts-? Gillette, Naive for Men, Old Spice, and a few designer brands such as Christian Dior, Airman, Boss Lance, Arms, Guy Larch, Gucci, and Pace Arabian. Price is not the crucial variable in the purchase decision-? men are buying based on product characteristics such as fragrance and brand awareness. For companies such as Naive and Gillette, which are willing to spend on advertising, the market seems quite responsive. The bottom line is the increasing homogeneities that argues against customization of arduous for specific markets.

Speaking of bottom lines, Beresford has done very well with its own. Total sales for Beresford cosmetics business grew at 5.7 percent in 1996, despite decreased sales of the company's higher priced Label and Atria lines and

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lower sales in Japan. The Naive line grew by 13.3 percent, far outpacing the more expensive cosmetics and skin care products. However, growth around the world has been uneven. Although Bed's brands experienced double-digit growth in Eastern Europe, Scandinavia, Southern Europe, and South America, sales growth within

Germany and some Northern European countries has been much lower due to the difficult economic situation. Naive held its own in the United States, but grew by 36.3 percent in Mexico. Despite strong growth in Thailand and Indonesia, sales in Asia and Australia fell by 10.4 percent, affected by the downward trend in Japan and China. Compounding the Japanese losses are unfavorable exchange rates between the yen and the mark, which reduced earnings even further. Even so, although the overall global picture for Beresford is quite good, it's still just a little fuzzy in some parts of the world.