

Procter and gamble: using market research to build brands

[Business](#), [Marketing](#)



Abstract

The objective of this case analysis is to understand P&G's approach towards market research and using it as a key engine for them to continuously innovate and improve their product portfolio. Procter & Gamble was the venue for the origin of systematic market research. Along with brand management, field research is the lifeblood of consumer product companies and both began at P&G. It is noteworthy, how P&G used market research for segmenting the consumers and their needs and based on the results of research, came up with specific targeting and positioning strategy of variants of a product line (e. g. soap or shampoo or toothpaste). This case analysis is done as part of the individual assignment for the " market research" module taught in Aerospace MBA.

Q1. Discuss the role that marketing research can play in helping P&G build its various brands

Marketing research provides an invaluable role in helping P&G invent, shape, and sell its brands since, at its core, the company is nothing more than a collection of brands each selling a highly commoditized product at a premium cost to a generic substitute which would essentially perform the same function. Consumers buy the P&G brand item (soap, dish cleaner, diapers, etc.) and earn the company a higher margin per sale over a store brand or a generic counterpart for specific personal reasons which literally cost them money at each purchase.

The more accurate P&G can understand why consumers bear this additional monetary cost the easier it can tailor its brand specific messages to a highly

fragmented and niche marketplace. These marketing strategies are essential to determine purchase causality or the cause-and-effect which takes place upon each sale. For example, a consumer motivated to buy a P&G product on the basis of perceived higher and consistent quality is not as likely swayed by a message directed at an emotional or nostalgic level. If any types of P&G marketing studies are to have any external validity the precision of the research is an absolute necessity.

Q2. P&G are considering further increasing its market share

Define the management-decision problem. P&G can attempt to increase market share but the management-decision is not just a factor of increasing production or multiplying advertising buys. Aside from all the manufacturing and distribution issues associated with an increase in sales, management would need to focus on the impact of such a strategy on consumers. Forbes ranks Procter & Gamble as the world's 26th most valuable brand. Pursuing millennial consumers by attaching a product to words and phrases that they use every day, that their generation popularized, and a couple that are naughty, could end up making its brand even more lucrative. And the company could use the boost. Sales for P&G's fiscal year 2018 were 10% below the 2014 level and operating income was down 1.5%. It needs some way to connect with this generation of consumers. Plenty of surveys show what millennials want most is authenticity. As per the latest updates on P&G's major transformation under shareholders pressure, it is going thru consolidation of its 300+ brands down to 70. It has also created organizational verticals to simplify the marketing and product innovation focus within the organization.

Q3. Define an appropriate marketing research problem based on the management-decision problem you have identified

The marketing research required by management in these cases must be highly tailored as to the question of causation, or more precisely, what attributes of existing P&G brands would compel a consumer to switch from a rival's product to P&G. A product based on perceived consumer exclusivity would have its brand diminished by a broad-based mass market strategy. Some brands are inherently local and may not migrate to other areas if the goal is to increase market share geographically. In some markets P&G products are regarded as "middle players" or not generic at the low end or exclusive and high priced at the other. In these cases a strategy to increase market share by lowering prices would find P&G directly competing against low price and quality generic brands which is inherently unwise positioning for the company given its stable of consumer premium brands.

Q4. Formulate an appropriate research design to address the marketing research problem you have defined

The preferred research design for this case is "causal" analysis on the data collected using methods under "cross-sectional" "descriptive" research techniques such as observation and surveys across the customer segments from P&G's brands in a product category. We should use comparative scaling since the frames of reference need to be the current non-P&G product and its P&G counterpart. Management analysis here needs to search for the reasons a consumer might switch and if P&G can do better in the consumer's mind on this issue. Studies with low internal validity, for example, might accurately conclude existing consumers of a rival's product are unhappy with

it and eager to switch only to find these same individuals would be unhappy with P&G's brand as well. P&G's management has plenty of resources which suited the company perfectly in the era of mass market sales practices but has lost the ability to use its financial muscle in an era of targeted consumer marketing or anyone with a website and a Facebook page can compete against P&G for market share.