

Marketing management by nivea essay sample

[Literature](#), [Russian Literature](#)



1. Introduction

NIVEA is an established name in high quality skin and beauty care products (Nivea, 2009). It is part of a range of brands produced and sold by Beiersdorf. Beiersdorf, which is founded in 1882, is a global consumer goods company engaged in the production and marketing of cosmetics, toiletries and adhesive tape businesses. The company operates primarily in Europe, Americas, Africa, Asia and Australia. It is headquartered in Hamburg, Germany and employed about 21, 766 people as of December 31, 2008. At present the company has grown to be a global company specialising in skin and beauty care (Beiersdorf, 2009). Nivea is the most famous brand of this company.

Nivea is so successful as it always orientates its marketing towards consumers; it invests in Research and Development and is leader in terms of marketing policy because it always tries to proactively anticipate and satisfy the needs of consumers.

2. Nivea: Macro Environment

The business environment mainly deals with two types of environment: macro environment and micro- environment. Micro environment deals with internal environment, whereas macro environment deals with external environment (Strandskov & Duerr 2002, P. 123).

Sources: Business Week, 2009.

PEST analysis is most commonly used to do the macro environment analysis of any organization. PEST deals with political, economical, social and

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technological factors (Usunier 1996, P. 45).. When legal factors add with the analysis, it become PESTEL analysis.

2. A. Political environment

Nivea is affected by the local, national, global political environmental factors. For example, in Europe, Local Government controls the price of property the same as rent hence it effect the store occupancy cost (Hession, 2006). As Nivea is expanding their business in foreign countries, they also need to consider the political factors in each of the countries.

Recently Nivea is about to promote a new product named Face Wipes (Nivea, 2009). Nivea already had check the political influences of this product in several countries and found that this product will not face any major legal issues as Nivea is promoting their product according to the laws of European Union (Euromonitor, 2009). Moreover, cosmetics industries all over the world are not that much subject to political and legal regulations (Hession, 2006).

In the year 2007 and 2008, the actual tax expense of Nivea was higher than the expected tax expense (Beiersdorf, 2009). In the year 2008, Nivea's parent company Beiersdorf wins a three year patent dispute with Russian company BRK Cosmetics LLC, producer of Livea (Beiersdorf, 2009).

At the European Union level, the European Commission has published a draft regulation for the registration, evaluation and authorization of chemicals (REACH), along with restrictions applicable to the chemical substances, and has set up a European Chemicals Agency (Datamonitor, 2009) . REACH focuses on the 30, 000 chemical substances introduced into the market

before 1981 and manufactured or imported in quantities of more than one ton per year (Datamonitor, 2009).

2. B. Economic environment

Economic factors Relate to changes in the wider economy (Kotler, Wong, Saunders ; Armstrong , 2005). According to Hollensen (2007), Changes in the interest and exchange rate, as well as inflation rate are the main element of economic environment .

Though the economy of the world assumed to be resistant by the financial analyst in the early stage of 2009, increases in commodity price and decline in dollar rate increase the risk at financial market which had an affect on the business of Coca-Cola (Beiersdorf, 2009). Many of central banks such as European central banks increase the interest rate because of the price instability n market (Euromonitor, 2009).

The parent company of Nivea, Beiersdorf recorded a robust growth in its revenues in the last three years (FY2006-08). In the year 2008, sale of the Nivea's parents company Beiersdorf started to growth annually at the rate of 8%, which shows a annual revenue of \$8, 785. 4 million (Datamonitor, 2009). The robust performance of the company's brand NIVEA helps the revenue growth of the entire company (Datamonitor, 2009).

2. C. Social factors

According to Usunier (1996), Social factor mainly include changes in tastes and lifestyles, they may also include changes in demographic make-up of a

population. As Nivea is a cosmetic industry they need to concern mainly about people's health consciousness, population growth rate, age distribution, career attitudes, and emphasis on safety

In connection with FYI, NIVEA has recognised the power of social network sites for this young audience and also has pages on MySpace, Facebook and Bebo. The company is using the power of new media as part of the mix to grow awareness amongst the target audience (The Times 100, 2009).

The marketing mix of Nivea uses traditional methods of place, such as distribution through the high street, alongside more modern methods of promotion, such as through social networking sites (Scribd, 2009).

2. D. Technological factors

The technological environment is influenced by government spending on research, new discoveries and development, government and industry focus of technological effort, speed of technological transfer and rates of obsolescence (Duerr, 2002).

After the reorganization of the production and logistics network, Nivea now have a few large factories with high capacity utilization and efficiencies at disposal (Beiersdorf Annual Report, 2008). Through the specialization of production centres on dedicated product and process technologies, know-how of Nivea has been optimally bundled and innovation capabilities have increased (Usunier, 1996).

While Nivea increasingly concentrate themselves on their core competencies, Nivea also make use of the most modern technological advances of new external logistics partners. This bundling strengthens the overall flow of goods from producers and enables the most efficient use of transportation measures. As a result of the more efficient transportation, Nivea contribute to the reduction of CO₂, energy use, and costs and have thus prepared Nivea's supply chain for the future (Hession, 2008).

The ongoing education of Nivea's employees and the continuous improvement of its business processes enable Nivea to execute their solutions rapidly and efficiently. Reliable quality, a strong track record for innovation, and the use of superior technology are core elements of Nivea's brand philosophy and success (Hession, 2008).

Nivea's parent company Beiersdorf places a high emphasis on research and development and pursues the ongoing development of brands and concentrates on the three competence fields: cosmetics/personal care, wound care/health and adhesives technology (Hession, 2008).

3. Nivea: Marketing Mix

3. A. Product

Product doesn't mean only the good offered by the company to the customer, it also includes the services associated with the sell or distribution of that product (Wong, 1996).

Nivea cream is the first invented product of Beiersdorf under Nivea brand. It got a huge market in the year 1912 as most of the women preferred Nivea as the fat of Nivea's products helps them to feed their skin (Nivea, 2009). Till 2009, Nivea invented so many creative products though all of them were not so successful. However, they are the pioneer of some of the products. Nivea for men aftershave is one of them, which is world's first soothing aftershave. This products got a huge competitive advantages as it avoids the after shaving skin burn (Nivea, 2009).

Nivea is the largest skin and beauty care brand in the world. In 2008, the Nivea brand figured at the 98th position in the " Top 100 Global Brands" ranking of Business Week. Business Week valued Nivea brand at \$3, 401 million in 2008 (Datamonitor, 2009). Furthermore, in 2009, Nivea brand was ranked as the most trusted brand in the cosmetics category in Europe. According to the annual survey of ' Reader's Digest Magazine' in the year 2009, Nivea is selected as the highest ranking company like previous eight years (The Times 100, 2009).

At present, Nivea's product can be divided into ten categories: Nivea Creme, bath care, lip care, body care, men's care, face care, hand care, sun care, deodorants (Nivea, 2009).

3. B. Price

Price plays a critical part in marketing activity. Incorrect pricing could lose customers and lose revenue. Revenue can also be lost if the price is too low.

There needs to be a balance between revenue and sales (Marcouse et al, 1999).

Nivea is the price leader in world's cosmetic market, as it has a strong brand name and as it's continuously fulfilling the cosmetics needs of the major portions of the worlds population. Most of the time, competitors of Nivea sets their price level below the prices of Nivea (Euromonitor & The Times 100, 2009). However, as the cosmetic marketing is in growth stage new competitors are entering in the market, Nivea should regularly review their pricing strategies (Scribd, 2009).

While determining the price level of product Nivea used to give emphasizes on choices and behaviour of buyer (Scribd, 2009). But the situation changes after the year 1950 when the competition started to increase. At present, Nivea is also considering advertising, branding and packing while determining the price level of their product (The Times 100, 2009)

Nivea don't set the price directly to the retail market. They sell large volume of products to the retailer and those retailer could set price in the retail market according to their own strategies for sales promotion (Datamonitor, 2009).

3. C. Place

Place is another term for distribution. It covers the range of activities necessary to ensure that goods and services are available to customers (Hollensen, 2007). Deciding on the right place involves a range of decisions (Hollensen, 2007).

Nivea started its operation in Europe in the year 1912 and within 20 years of its operation it promoted its brand in United States (Business Week, 2009). At present, around one hundred and forty countries are being involved with Nivea's business. It means that Nivea is a real global brand by its name as well as its activities (Datamonitor 2009). The most important point is that Nivea's business is so successful in the entire region (Datamonitor, 2009).

Nivea distributed its product in United Kingdom through a central distribution point. Nivea had a production plant at Europe from where it reach at the central distribution point through its contract vehicles (The Times 100, 2009).

Nivea don't do any direct selling to the target market. Major portion of Nivea's sales (around sixty five percent) are done by specialized cosmetic shops like Superdrug and Boots (The Times 100, 2009). Nivea used to shop as they have a very good image on local market. For example, Superdrug in United Kingdom is very famous among the young generation (Scribd, 2009). Apart from those specialized cosmetics shop, Nivea use large grocery chain to sell remaining thirty five percent of their products (The Times 100, 2009). Those grocery shops include Asda, Morrission, Tesco, Sainsbury's, Wilkinson etc.

3. D. Promotion

Promotion is the marketing mix that produces and maintain link between product and consumer. Production mix consists of four elements:

advertising, sales promotion, public relation and personal selling (Kotler et all, 2005).

Nivea uses an advertising tool known as bargain packages as their promotional strategy. Under this strategy, products are advertised at a particular price, but they are marked e. g. ' 200Ft OFF' which means that the purchase price will be reduced by that amount or when Beiersdorf increase the turnover of the large packs, sales of which may have been sluggish (Nivea, 2009).

Another tool is when Nivea give away free samples at a smaller-size than the normal pack-size, and consumers are supposed to try that product, like it and purchase it in the future. This is usually reserved for new entrants to the cosmetics market (Nivea, 2009).

One more usual tool of NIVEA is to give an extra product to the purchased one. E. g. for a NIVEA Visage Cream a Labello is given, or in the case of purchasing two Body Lotion a third one or a Shampoo is given (Nivea, 2009).

Nivea promotes directly to consumers with the intention of developing a strong consumer demand.