

Reckitt benckiser  
entering a new (non-  
eu) market



**ASSIGN  
BUSTER**

The company manufactures household, personal and consumer healthcare products. Such as Dettol anti-septic, Veet, Strepsils, Airwick, Vanish etc.

In 1823, Johann A. Benckiser founded Benckiser chemical industry.

Later in 1940, the company was rented by Issac Reckitt. He also bought a starch mill in Hull and diversified into household products renowned for starch washing blue and black lead for shoe polishing.

Since 1913 till 2009, RB has come across through diversification and joint venturing in Australia and USA.

### **RB's mission and objectives.**

The mission of RB highlights both purpose and its value. Which include-

To delivers better solutions in household, health and personal care to consumers.

To do constant innovation.

Deliver fast-acting solutions that help make life easier.

The objectives of RB is to generate growth by expanding globally and produce powerful and durable brands.

### **RB's marketing characteristics.**

Reckitt Benckiser's marketing flair is for the consumer. Each product has its own portfolio. The key role for marketing in global is the priority to 19 branded products. RB is consistantly developing and delivering the innovated pipelines and maximising international brand equality.

RB's three main strategic pillars of marketing are: innovation, brand equity and developing products for global use.

RB has become NO. 1 amongst the market competition in the UK. And is continuously backing up its core brands.

RB is operating over 60 countries and sells its brand across worldwide.

RB's brands are divided into 6 categories:

surface care,

e. g: Cillit Bang, Harpic, Woolite, Amphyl.

fabric care,

e. g: Vanish, Calgon.

dishwashing,

e. g: Finish, Electrasol, Fairy.

home care,

e. g: Lysol, Air Wick.

health and personal care,

e. g: Dettol, Clearasil, Veet, Scholl, Nurofen, Gaviscon, Strepsils,

Bonjela, Aerogard, Mucinex, Mortein.

food.

e. g: Kit Kat, Red hot, Butter original.

## **RB'S Sale Performance.**

RB performed beyond its expectations even in the critical economic climate in 2009. In 2000, the company's net revenue doubled and quadrupled market capitalisation. The shareholders received approx. 200% against a market average of 22% over the past 5 years.

RB is one of the league in terms of its production innovation. The company gained almost 40% of revenue through its innovations during the last 3 years.

RB is consistently working on its margins and looking forward to manage its costs. And targets to turn an average sales growth of 7% into 17% profit over the next 5 years. RB's future success relies on the commercial drive, and ambition of its employees.

RB's major competitors in the UK are Procter and Gamble (P&G), which holds the revenue of \$79bn for the year 2009. And Unilever, with revenue of \$41bn in 2008.

In 2008, despite pricing pressure and raw material price inflation, RB has balanced its revenue growth by reducing costs that helped in rise in its operating margins by 0.8% to 23.4%. The company re-invented its container for Vanish brand to use 70% less plastic than original big tub.

## **Marketing goals & objectives.**

To expand.

To promote its powerful brands worldwide.

To achieve global market leadership.

Market Penetration and Market Expansion.

Achieving High Gross Margins.

New Product Development and Entrepreneurship.

### **International Market planning.**

Market research is a vital to decision making process in marketing plan. The research include the best opportunities for investment in the market. The political, financial, cultural, legal and regulatory, competitors, consumers need to be taken into account that effects the business.

Due to a lot of competition in UK and in order to gain maximum profit, RB has intentions to promote its 19 powerful brands to international market.

### **Internal & External analysis of RB.**

The internal analysis defines the key features of the company. The areas in consideration to analyze are:

Resource capabilities,

Configuration and coordination of activities,

Company performance,

Structure of company and characteristics of its culture.

The figure describes; Stars as RB's products which have the high share in the growing market. When the market slows down, these products become the cash flows. And when the market shares are lost and it stops growing, they become Dogs.

Cash cows are the products of high market share in low growing market. These products usually defend Reckitt Benckiser's competitors.

Dogs define the products of low market share in low growing market. These products are usually not profitable.

Question Marks are the dilemma creating products. If market shares stays continues low, these products becomes Dogs.

External Analysis:

It normally relates to the opportunity and threats existing in environment.

The areas to analyse that effects the company are:

Customers,

Competitors,

Culture and company performance,

Market size and growth,

Environment in which the company operates.

Political Factors.

As every government have its own business policies in the country of origin. This factor follows the formal and informal regulations influencing the business. The political issues can rise in the form of trade restriction, employment, tariffs and political stability. Hence, Reckitt Benckiser's business can be influenced by the fast growing consumer goods.

Economical Factors.

This relates to the nature of the economic system in the particular country. Capital market is the key factor to be considered.

Social Factors.

The environment relates to the value system of society determined by its nation. Social factors consist of the costs, customs, structures, heritage, wealth and income as well as the labour mobility. Therefore, the nature of goods to be produced depends upon the demand of the people. A code of conduct is needed to be followed in the business.

Technological Factors.

This is a major factor that influence on business. Technology determines the quality of goods to be produced. It can also affects in terms of investment

Since there are many factors that effects the business both internally and externally, therefore, it is essential for a company to continue cope with the market challenges by innovating new brand and products.

## **SWOT factors.**

Strength.

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The Strength of the branded products are;

(e. g. of Clearasil, Strepsils, Kit Kat, Bonjela),

Clearasil is good for all skin types, it is a unique face wash designed to combat bacteria.

Strepsils is a best treatment to help prevent sore throat, this product is without any side effects.

Kit Kat chocolate is famous amongst all, and usually targets to children.

Bonjela is best to prevent mouth ulcers and comes in different flavours that attract all. Also there is one suitable for baby's teething problems.

Weakness.

Sometimes these products are not perceived as an everyday use.

Some people might not like taste or smell.

Shape not user-friendly.

Opportunity and threats.

According to RB's competitive analysis, there is a wide range of opportunities which will help the new products capitalize a greater market share. The product's ability to gain real consumer insight and to develop products and variants according to the consumer's needs.



These opportunities are focused by professionals of sales and marketing, research, development, supply chain and the experts of information services and human resources.

The threat to RB is that the other main players in the antibacterial category have positioned their brands for everyday use against bacteria.

Pricing and other competitive strategies have also been taken over by the development of information technology. The pricing strategy of the consumer goods manufacturing company can affect the supply and demand of products.

### **Justification.**

Reckitt Benckiser is moving fast in a challenging working culture. The company has intentions to go global. RB is focusing on innovation in order to compete with the local market. As UK is recovering from economical crises, there is a good opportunity for Reckitt Benckiser to expand its business into an International Market to raise its profits.

### **Marketing strategy.**

RB's Market Penetration tells about the existing markets and existing products. That means the company sells the existing products to its existing customers.

Market development tells about the new market and existing products. That means RB markets its existing product range in a new market.

Product development tells about the existing markets and new products. This means a new product to be marketed to RB's existing customers.

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Business Diversification tell about the new markets and new products. This is where RB market completely new products to new customers.

RB's strategy is to obtain a highly focused portfolio concentrating on its 19 most profitable brands. The marketing strategy of RB is;

Competition:

RB is consistently focusing to deliver the fast growth in the sector.

Expansion:

This is RB's consistent and highly successful strategy. The company focuses on markets with its growth potential. For example, by investing in the relatively new Automatic Dishwashing category rather than in the congested Laundry Detergent category. Instead of investing in generic households products the company also focuses in the fast growth demand of skincare.

## **Market analysis in general.**

In generally, the market analysis for the chain of RB's products is:

Location which include all Suburban, urban, small, big and developing countries.

Demographics.

All male, female, children, old aged from birth to lifetime.

All people who care for their well being and household.

## **Market entry strategy.**

There are various strategies to enter into a new market. For example; by growing trading blocks, Counter trading, Piggy backing and Barter.

Counter trading:

In this method, a person agrees to buy goods on a commitment that the seller also buys his products in return of time, finance or balance of compensation of products.

Barter:

In this method direct exchange of goods is occurred for another.

Piggy backing:

In this method, the organisation with less exporting skill uses the services of the skilled exporter. For example: The fertilizer manufacturers of Zimbabwe could piggyback with the South Africa who both import potassium from outside their countries.

## **Methods for new market entry (based on mission and philosophy of the company).**

The methods to enter into a new market are as followed;

### **Partnership/ Joint Venture,**

In joint venture two or more investors share ownership and control over a firm operations.

The advantages of Joint ventures are;

Foreign partner has the vast knowledge about the market in his country.

Joint financial strength is established between the partners.

They also have disadvantages:

Partners may not sometime negotiate. The recovery of capital can become impossible.

### **To license,**

Licensing is the method of foreign operation where a firm in one country agrees to permit a company in another country to use the manufacturing and processing provided by the licensor.

For example: United Bottlers in Zimbabwe have the licence to make Coke.

The licensing cost is signing the agreement and policing the implementation.

The disadvantages are:

There is a limited form of participation e. g. in length of agreement or specific product manufacturing.

### **Direct/Indirect investment.**

Direct investment includes- Government, distributors and agents.

The advantage of direct investment is that it is the direct means of entry.

And also it is the source of supply for the third country.

The disadvantages are that the partners may lack the management skills.

Also there could be different views of opinions amongst the partners.

Indirect investment includes- Counter trade, export management or a trading company.

By indirect investment, the investor is not directly associated with the profit and loss of the firm on which the money is usually spent.

### **Brief profile of chosen market.**

Peru: Peru is known as a private sector market based driven economy, in which government expenditure including consumption and transfer payments are low. The market oriented reforms and privatizations are carried out during 1990s and in 2001 the country has promoted trade and investment. Since 1993, the foreign investors have been allowed for investment in all economic sectors. Finance, supportive government regulation and market opportunities are available in Peru.

### **Alternative entry method.**

The alternative method to enter into foreign market is by expansion of product line or geographically. More the product line or the geographic area is expanded the greater is the managerial complexity. But usually this process requires high margins of investment. And can become risky due to lack of knowledge of the new market.

Another way is of exporting. Exporting manufacturing goods is less risky and gives opportunity to get to know about the foreign markets. Also reduces the potential risks of operations.

The disadvantage is mainly that buyers in the desired foreign country are usually very careful as they perceive transport, currency, quality and quantity problems.

## **Exporting and Why I have chosen this entry method?**

I have chosen export method because it is relatively low of cost to enter international market. The organization can also build economies of scale and expand its profits.

## **Implementation on carrying out the project.**

The project is implemented by considering 4Ps,

### 1. Product.

Selling chain of 19 branded products of Reckitt Benckiser. Consisting household, health and personal care and food.

Product mix.

The 5 products that are ideal for product mix for consumer needs are: Clearasil, Dettol, Fairy, Gaviscon and Mortein.

Product Life Cycle.

The products to be export are the rapidly growing consumer products.

Therefore their average life cycle is 30 days to 2 years.

### 2. Positioning.

Reckit Benckiser has intentions to position against its competitor.

In relation to product attribute.

The primary positioning of the products for example “ Clearasil” is that it is the no. 1 antibacterial face wash suitable for family. It has the ingredients that its competitors do not have.

### 3. Pricing.

The products are priced at premium to its competitors. There will be discount and allowances for the employees. The shipping cost is also to be considered.

### 4. Promotion / Distribution.

The company should sell the products to the appointed distributors and sub distributors who are responsible for further to deal with the wholesalers or retailers in the chosen country. But it is also known that RB has a facility of intensive distribution methods for products all over the geographical area. The company provides direct delivery to key accounts i. e. USC, METRO AND MAKRO. Each channel has a coverage to supermarkets, general stores etc even in the rural areas.

Marketing budget of the company.

The current marketing budget of RB allocated to the brand selling is 20% of total net revenue.

Gantt Chart.

GANTT CHART BY AMAL KHAN.

EXPORTING RECKITT BENCKISER PRODUCTS

IN PERU.

**Task**

**Date**

**Date**

**Date**

**Date**

**Date**

**Date**

**Date**

15/10/2010

17/10/2010

18/10/2010

21/10/2010

27/10/2010

16/11/2010

17/11/2010

Planning

Market-



Research.

Manufact-

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Finding &

establish-

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foreign.

Negotiation.

Packaging.

Distribution

& Transp-

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