

# [Consumer behavior with regard to purchase of detergents](https://assignbuster.com/consumer-behavior-with-regard-to-purchase-of-detergents/)

As per the case study, two types of consumers from Brazil have been projected, who are demographically different. Major differences exist between these regions (North Eastern region and the South Eastern region) in terms of culture, wealth and needs that impact the consumer behavior to a greater extent.

General Outlook

The standard of living in SE region is elite when compared to NE region due to the following reasons:

Illiteracy in SE region is less as compared to NE.

21% of the SE population lives on less than two minimum wages as compared to NE where this percentage is as high as 53%.

Economy and political power is well established in SE region where as in NE region; economy is predominantly rural and mostly agrarian.

Pshycographic factors are prevalent.

Having said that, these factors change the consumer behaviour in buying any kind of product as the low income families would be more sensitive to the price factor. Hence, the area of concentration in this analysis is NE region as SE is pretty developed and stabilized.

To begin with, the consumer behaviour with respect to NE region is typically habitual decision making as detergent powder is a product that is used in day today life and therefore, the level of involvement is low.

The decision making process was suggested by Solomon et al. (2009)

## Problem Recognition

Dirty clothes need to be hand washed as only 28% of the households had washing machine.

The aim to use the detergent is to make the clothes smell good, therefore, it is used in small quantities.

Exhibit 3(as per the case study) also potray’s that NE region used less detergent than SE region, however; the frequency of washing clothes in NE was greater than SE. Therefore, the penetration of detergent powder is same in both places.

## Information Search

40% of the NE population is illiterate, so assumption from the case study is that, apart from television, word of mouth publicity is predominent as women in NE wash clothes approximately five times a week in a public laundary which is more like a gathering place.

## Evaluation of Options

Evaluation of detergent is based on the following attributes

Ability to clean and whiten the clothes with small quantity of product.

Smell of the detergent is directly proportional to softening power of the detergent and gentelness to fabric and hands.

Stain removing ability without the use of laundary soap and bleach.

Ease with which the powder dissolves in water and absence of residue on the fabric after rinsing.

Packaging – distinctive , simple and recognizable, easy to open and protection against humidity.

Impact of colors was the least attribute for these consumers.

## Product Choice

Analyses of the exhibits in the case study reveals that Omo brand has all the required attributes and is quite popular among the NE consumers. However, majority of them could not afford to buy Omo.

## Post-Purchase Evaluation

Since, the product is not complex and is used in day today life, looking at the constarints available in the NE region, low income consumers do not have a choice to purchase the best at low price. So, assumption is that they go by whichever detergent powder is available in the market as per their budget. Therefore, post purchase eveluation hardly plays a significant role.

## Analysis of influences on consumer behavior with regard to detergent powder:

## Internal Influences

Perception: Price, Quality (Cleanliness, Smell, Stain removal ability, consistency and granularity of the powder, packaging and least preference was the impact on colors) are the main aspects.

Motivation: According to the case study, women in the North East region perceive cleanliness of the clothes as an indication of dedication towards their families and doing laundry is a part of their social status and self-esteem. (Maslow’s Hierarchy of needs)

Learning: Mostly through television promotions and word of mouth publicity as majority of the population was illiterate.

Attitude: Exhibit 5 displays the popularity of brand based on customer ratings. It shows that Unilever’s Omo brand was the top quality brand (Cognitive attitude) however; some NE families could not afford to buy.

On the other hand, SE women consider doing laundry as part of their everyday task and usage of detergent is less important for self-esteem or social status.

## Group Influence

Group Influence is predominant in NE region as cleanliness has become part of their culture and social class.

## The market players

Unilever: This Company has established itself in personal care division, home care division and the foods industry in Brazil.

P&G: As per the Brazilian market, P&G does not manufacture laundry soap and has a competitive growth in detergent powder market.

ASA: The biggest competitor for Unilever in manufacture of laundry soap. Its brand Bem-te-vi holds 11% of the market share whereas Unilever’s Minerva brand has 19% of the market share.

Local Brands (Flora Fabril): There were other companies with 1% of the market share except Flora Fabril which holds 6% of the market share.

Unilever and Procter and Gamble are the key industry players in Brazil.

Unilever is a $56 billion company harboring over 300, 000 employees in 150 countries. It has about 1600 brands worldwide including 45 key detergent brands. Detergent powder division has been flourishing and has catered help to the establishment of home care and personal division of Unilever. The company started its operations in 1929 in Brazil and successfully had command over 81% of share in the Brazilian market (NE region) by 1996. Interpreting the graphs from the case study, it is clear that Unilever is the most popular brand among the consumers in Brazil. It has three brands as follows

Omo – 52% (Most popular brand across all categories)

Minerva- 17% (Available as both detergent powder and laundry soap)

Campeiro – 6% (The cheapest brand of Unilever)

On the other hand, P&G; a US$40 billion company entered the Brazil market in 1988. The company has 98, 000 employees over 80 countries. By 1996, P&G acquired a local company Bombril and its three brands as follows:

Quanto – This was moved towards Ace

Odd Fases – This was moved towards Bold

Pop – This brand was maintained as is.

\*Ace and Bold are the two global brands of P&G.

P&G has only 15% of the share in the Brazilian detergent market. However, it has rich R&D unit as well as extensive marketing skills worldwide. Its potential threat in the long-run to Unilever is quite obvious.

## Strategies followed by the main market players

Mergers and Acquisition: A simple and smart way to rule out competitors in the market.

Multiple Segment specialization: The companies developed products for every segment of society.

Brand Extension: Exhibit 10 from the case study reveals that Unilever had launched four brand extensions. No information is provided about brand extension by P&G, however; studies show that P&G also believes in brand extension concept.

Multibrand strategy: Both the company’s manufacture several brands in the same product category. The idea is to ensure that consumer needs are satisfied and at the same time compete against specific competitors.

The analysis points out the prevalence of Red Ocean market in Brazil. In order to target low income consumer’s development of blue ocean strategy from the persisting red ocean market is advisable. (Adapted from -Summary by James R. Martin on ‘ Kim, W. C. and R. Mauborgne. 1999’)

## SWOT analysis for Unilever

Considering all the factors, it can be proposed that Unilever can think upon the following options:

Develop an affordable version of Omo brand.

Repositioning strategy can be applied to Minerva.

Re-launch Campeiro to low-cost brand

Launch an extension of the existing brand

Develop an entirely new brand.

However, few of the above mentioned options may not be feasible. For example,

Since Omo is a high quality product, company cannot take a risk of developing a cheaper version as it may lead to confusion related to the products among the consumers and brand image may get tarnished.

Though the repositioning of Minerva would be less expensive but since Minerva is perceived to be of medium quality, repositioning it may not be well received and probably bring down its market share from 11% to a lower level, and this will in-turn pave way for P&G products (Ace and Bold) which are perceived of high quality than Minerva.

Further, converting or re-launching Campeiro to a low-cost brand would be expensive as it is perceived as a low cost and low quality product. Changing its image to a better quality will take a longer time.

Developing a new product may again be a costly affair.

## Marketing Mix

“ It is more important to do what is strategically right than what is immediately profitable.” – Kotler 2000

Considering the SWOT analysis, North Eastern region certainly provides an opportunity for a big growth, in order to make an impact Unilever should set up customer-oriented market and not a competitor oriented market.

There could be two possible strategies that can be thought of:

The Push strategy (more to do with, promoting the product to the consumer)

The Pull strategy (Attracting the consumers attention to the product)

It is a convincing fact for the Brazilians that Omo is the best detergent available in the market and has no competitor whatsoever. Omo is perceived to be highly expensive and unaffordable by the low income consumers. Since, Unilever has a big portfolio worldwide, two options can be taken into consideration:

Create a new brand

Re-launch a brand from the existing portfolio

The cost and R&D for a new brand would be highly expensive so it is feasible to utilize the already existing brand which is established in the neighboring country with similar needs and culture.

Exhibit 6 from the case study reveals list of various detergent powder brands of Unilever prevalent globally. A detergent can be selected which is between Omo and Campeiro. For example, Rin(Asia), Ala or Nevex. (Latin America)

If we analyze Ala (Latin America) and implement marketing mix, this is what it offers:

## Product-

Available in two sizes 1Kg and 500 grams in attractive plastic bottles.

## Price

Its price is affordable than both Omo and Campeiro. Taking into consideration the packaging and formulating costs, Ala may be priced anywhere ranging from $1. 4 to $1. 6 as a wholesalers price.

A hypothetical analysis (on the basis of present cost line), the tentative cost would be around $1. 74/Kg.

## Cost break-up

Formulation cost

$0. 99

Packaging cost

$0. 35

Promotional cost

$0. 34

Distribution cost

$0. 05

Total Cost: $1. 73 which is pretty affordable.

## Promotion

Unilever’s communication forte is above-the-line concept (70%). Focus should be on below-the-line which is just 30%. Concentration should be on meticulous instore promotions and visibility of the product through secondary locations in the small outlets.

Promotion of the product via T. V or billboards should be continued on massive scale. Though the NE region has predominant illiteracy, promotion through advertisement on T. V would act as a good medium for creating awareness of the product. For example: The advertisement of Tide is simple and expressive. A consumer (irrespective of the literacy rate) can connect himself to the purpose of the ad.

An easy, identifiable yet innovative packaging would make it easier for the consumers to spot the product.

## Place

Unilever should carry out an exclusive and specialized distribution in all the small stores in NE region.

\*This product should also be targeted at the SE market where 20% of the population falls in the ‘ E’ category.

## Pull Strategy

Three Unilever brands in the detergent market have 75% of the share in combination. Any additional brand from Unilever would certainly create cannibalization.

There’s a need to upgrade the laundry soap users to detergent powder users and the key to this transformation would be Washing Machine.

A consumer will feel the need of using detergent to the max, when he has a washing machine otherwise he will continue with the traditional ways of washing clothes.

The strategy of creating awareness should be the first move and let the consumers know the advantages of owning a washing machine in terms of time, cleanliness and prestige. Along with the campaign for washing machines the Ala detergent powder should be brought in focus.

Every care must be taken not to hurt the sentiments of the consumer by using the term ‘ Low Income’

Unilever can use tag line like

## Ala: “ Experience the desired cleanliness for less”.

Apart from the ATL program, a BTL campaign should also be triggered so as to capture every segment for marketing the product. In the stores, discount scheme can be proposed which will increase the sales (considering that low-income consumers are price sensitive.)

For example: Buy 1 Kg of Ala and get a discount of x%.

Unilever should collaborate with the best washing machine dealers to promote their product along with the Unilever’s products. Therefore, when a customer buys a washing machine, the seller would advise him to use the Unilever’s detergent products.

In addition to this, Unilever can use its brand image and portfolio to pressurize the store manager to have exclusivity in the detergent powder section. This will leave no choice to the consumer and they will have to buy Unilever products. (The Apprentice\_Series\_6\_Beach accessory, 2010)

## Distribution

After the promotion, next crucial stage is Distribution. It is clear from the case study that Unilever products are absent in nearly 75000 outlets. Intensive distribution needs to be implemented. This can be achieved by dealing with specialized distributors or have their set of distributing vans visiting the stores and proposing the Unilever brand.

If the shopkeeper is not capable of introducing all the brands of Unilever due to the price, then atleast Ala and Campeiro should be promoted to be sold.

\*If Ace is present in small stores then all the three brands of Unilever can be listed as the positioning of Ace is similar to Minerva.

## Recommendation

It is very clear that manufacturing a whole new product for the low-income consumers may be pretty expensive. In my opinion, introducing the already existing brand from Unilever’s portfolio would be a good idea and Unilever can invest an appropriate amount in the promotion of this brand into the Brazilian market and capture the end users attention by introducing plastic bottles for storing the detergent powder.

To have a fair idea on distribution, promotion, pricing strategies; refer http://hubpages. com/hub/Management-Tutorial