

# [Market demographics | marketing essay](https://assignbuster.com/market-demographics-marketing-essay/)

## Executive summary:

When you ask for Kleenex, everyone knows you are asking for a tissue. Although the number of rivals has been increased especially during the last decades, today, Kleenex with its worldwide popularity and its strong brand that built within its eighty years old understands needs of its different customers. Obviously, one of the major group of the customers, are men. Although the men’s beauty care market lags the women’s by some time, a new report pointed that the male grooming market has been increasing at double digit growth rates over the last decade in the US that in turns widespread in the other parts of the world. The economic downturn has tempered optimism but the men’s beauty market remains one of the best performing segments in the personal care sector, according to a new report by Diagonal Reports. Men are now catching up with women with demand for men’s hair coloring and fair skins having now taken off, decades after the women’s coloring boom. A fundamental change in male behavior towards their appearance is responsible for this growth. Very large numbers of men are much more interested in their appearance than previously and interested in a different way than was the case. As one male grooming expert pointed out, “ Many men have a new attitude to appearance, it is no longer just functional, and they want their appearance to be in fashion.” Hence, we have just concerned about men as women, children and others that in turns directed us to think about providing a new product for them. For this reason, we thought about producing new tissues that have some unique aspects especially for men and could help to protect and improve their skin and their appearance.

Even though, the traditional categories like ultra- soft tissue and Kleenex lotion continue to be the most purchased products, a growing number of men are beginning to experiment with other, less traditional cosmetics and toiletries products, such as facial cleansers tissue, as well as face and body tissue with rejuvenate property by adding vitamins like vitamin E, sun block, green tea extract and exfoliation substances in the middle layer of the tissue. These core materials are the most sought after by dandy man who want to keep skin full of life in tissue’s daily use.

## 2. 0 Situation Analysis

Kimberly-Clark Corporation (Kimberly-Clark) is one of the leading consumer product companies in the world. It holds the first or the second position globally in terms of market share in more than 80 countries. It has operations in 36 countries and sells its products in more than 150 countries. The company’s well-known family care and personal care brands such as Kleenex, Scott, Andrex, Huggies, Pull-Ups, Kotex, Poise and Depend are top ranking brands in terms of market share in more than 80 countries. High consumer loyalty and strong brand recognition help the company garner a substantial market share. However, economic slowdown in the US and Eurozone could adversely affect demand for Kimberly-Clark products.

## 2. 1 Market Summary

## 2. 1. 1 Market Demographics

The profile of the interior views customer consists of the following geographic, demographic, psychographic, and behavior factors:

## Geographics

We have set first geographic target area, which is Malaysia. After successful hit the Malay market, we will expand our new product in Asia area then spread across the world.

According to Malaysia demographics profile 2009, male population between 15-64 years is now 8, 210, 373(31. 9% of total population of 25, 715, 819) we assume the population between 18 to 45 years old to be 20%.

## Demographics

Male

Have attended college

Able and young, affluent customers

A combined high annual income

The age range from 18 to 45, more than 60% clustering around 18-25 years old

Social class cover from the working class to middle class, upper uppers

## Psychographics

All men who take care of themselves, concerned with their appearance

Protect and improve their skin is important for them

He perceives himself as tasteful and able, and they insist on “ Many men have a new attitude to appearance, it is no longer just functional, and they want their appearance to be in fashion.”

## Behavior Factors

The behavior of target customer is what accepted as “ masculine” has shifted considerably throughout the times, so the modern concept of how a man “ should be” differs from the ideal man of previous eras. Some styles and behaviours that are today considered feminine, in the past were, part of the man’s domain (e. g., makeup, jewellery).

He take pride in having an active role in using man care products

Once they try, it is hardly to convertible

They often show up at following places:

Man SPA centers

Men’s salons and barbershops

Golf club

## 2. 1. 2 Market Needs

Kimberly-Clark Corporation is providing the men who are living in urban districts with facial tissues; The Company seeks to fulfill the following benefits that are important to its target consumers:

High Quality: Based on our target market, the costumers are pursuing a higher quality of life. Attitudes and habits are changing among male consumers regarding their hygiene, grooming and physical appearance, as well as the purchasing habits among men.

Rejuvenate property: Add vitamins like vitamin E, sun block, and green tea extract and exfoliation substances in the middle layer of the tissue. These core materials are the most sought after by dandy man who want to keep skin full of life in tissue’s daily use.

Customer service: Exemplary service is required to build a sustainable business that has a loyal customer base.

## 2. 1. 3 Market Trends

With men becoming more involved with their grooming habits and the explosive growth in the men’s segment we saw a huge opportunity to introduce the male consumer tissue to a new proposition in skincare. Younger men are clearly more interested in taking care of themselves than their fathers or even their older brothers. But is it because metro sexuality has become more widely accepted by the masses or simply because of their generation’s habits?

It’s a generational thing. The guys in these generations get their bodies waxed, work out, style their hair, go to tanning salons, etc., more than their predecessors. they were raised on MTV, the Internet and reality shows, every minute of their lives is a photo-opportunity, they always want to look like they’re ready for their 15 minutes of fame, and don’t think there’s anything feminine about that.

Using metro sun block among groups of friends going to beach or swimming pools which is really relevant in Malaysia because of its climatic situation is a notable trend.

Another trend is using metro aroma in groups of boys’ parties and special ceremonies and weddings with wide range of aromas which can satisfy different tastes in wide range of groups.

The other trend is using of Kleenex ®metro with vitamin E for nourishing and rejuvenating the skin especially among men between 30 to 45 years old who strongly have desire to be always in centre of attention still keeping their skin nourished and shiny to make them more attractive.

## 2. 1. 4 Market Growth

With changing men habits of fashion life and tending to show more and more attention to be sensitive about their appearance, the market for men care products is growing. As men using these kinds of products, a lot of companies are trying to establish new product line in their portfolio specially designed for men. By increase in number of producers and variety of men products, the companies should try to set the prices still competitive to remain in this market and grow in the same time to satisfy rate of growing people in this market segment.

## 2. 2 SWOT Analysis

The following SWOT analysis captures the key strengths and weakness within the company and describes the opportunities and threats facing Kleenex.

Strengths

Weaknesses

Strong market position and brands

Diversified business portfolio

Strong growth in revenues and profits

Lack of scale

Business concentration

Opportunities

## Threats

Growth in Asian markets

Acquisition and alliances

Increasing preference for natural personal

care products

Intense competition

Increasing oil prices

## 2. 2. 1 Strengths

## Strong market position and brands

Kimberly-Clark has a strong market position. It has operations in 36 countries and sells its products in more than 150 countries. The company is well-known for its family care and personal care brands. It holds the first or the second position globally in terms of market share in more than 80 countries. Focus on building brands has helped Kimberly-Clark capture a strong market position. The company’s brand portfolio includes some of the most popular brands of the world such as GoodNites, Cottonelle, Kleenex, Scott, Andrex, Hakle, Huggies, etc. The company’s brand recognition has helped it to achieve consumer loyalty overtime ensuring a high market share.

## Diversified business portfolio

Kimberly-Clark has a diversified business structure. The company’s operations are carried out through personal care, consumer tissue, Kimberly-Clark professional and others, and health care segments.

The company’s personal care segment contributed 41. 4% of the total revenues in 2007; consumer tissue derived 35. 4%, Kimberly-Clark professional & other 16. 6%, health care 6. 6%. The company’s revenues grew by 9. 1% in 2007, because of higher sales volumes, favorable currency effects, increased net selling prices and an improved product mix. The company is not over dependent upon on any one business. A diversified business portfolio helps the company cope with fluctuations in any one of its businesses and has led to a stable revenue growth.

## Strong growth in revenues and profits

Kimberly-Clark has recorded a strong growth in revenues and profits in the last few years. Its revenues have increased at a compounded annual growth rate, CAGR (2005-2007) of 7% from $15, 902 million in 2006 to $18, 266 million in 2008. The company’s profitability has also increased in recent years. Its operating profit increased at a CAGR (2005-2007) of 6% from $2, 311 million in 2005 to $2, 616 million in 2008. Similarly, the company’s net profit also increased during (2005-2007) from $1, 568 million in 2005 to $1, 823 million in 2007. Robust financial performance strengthens the financial position of the company and provides a platform for future growth.

## 2. 2. 2 Weaknesses

## Lack of scale

The company lacks the scale to compete with large players in the industry. Many of the company’s competitors are much larger in size in terms of revenue generated and number of employees. Kimberly-Clark generated $18, 266 million and employed 53, 000 people in 2007, while one of its key competitors, Johnson & Johnson (J&J) generated revenues of about $61, 095 million in 2008 and employed about 119, 200 people worldwide. Another competitor, The Procter & Gamble Company (P&G) generated revenues of about $76, 476 million and employed 138, 000 people in 2007. Owing to its relatively small scale of operations, the company could find it difficult to face competition.

## Business concentration

Kimberly-Clark has concentrated operations both in terms of geography and customers. In the fiscal year 2007, the company derived approximately $10, 192. 1 million (53. 9%) of its revenues from North American region; out of which $9, 875. 6 million (52. 2%) came from the US alone. In terms of customer concentration, Wal-Mart, the company’s largest customer, contributed approximately 13% to its revenues since 2005.

High dependence upon a single large customer like Wal-Mart could reduce the bargaining power of the company. Any decrease in revenue from this customer could have an adverse effect on the company’s revenues and profits. Moreover, the company is exposed to risks associated with the single economy, while its competitors such as The Procter and Gamble Company with significant operations in other countries are guarded against such a risk.

## 2. 2. 3 Opportunities

## Growth in Asian markets

The consumer products and personal care products businesses are driven significantly by three basic demographic factors: population growth, household formation and household income growth. These factors are now driving strong growth in many of the company’s developing markets including Asia, especially India and China.

The company’s sales increased in developing markets by 12% in 2008. In addition, in the categories in which Kimberly-Clark competes, developing countries currently represent a $4. 5 billion market that is predicted to reach $5. 2 billion by 2010. Moreover, the company has its operations in 36 countries. This provides Kimberly-Clark with the opportunity to enhance its market share as well as expand its presence in other categories.

## Acquisition and alliances

Kimberly-Clark has been expanding its portfolio of services by entering into strategic agreements, and acquiring organizations to strengthen its position in the industry. For example In January 2007, ICG Commerce a leading procurement services provider signed a five-year contract to provide certain sourcing and supply management activities for Kimberly-Clark Corporation. This move will allow Kimberly-Clark to direct its resources on innovation, brand-building and other capabilities that will drive long-term sustainable growth.

Further, In March 2008, Kimberly-Clark reached an agreement to purchase the remaining stake in its South African subsidiary, Kimberly-Clark of South Africa (K-CSA) from The Lion Match Company wholly-owned subsidiary of FASIC Investment Corporation Limited. K-CSA is a leading manufacturer and marketer of tissue, personal care and business-to-business products and also markets Kimberly-Clark’s line of health care products. Kimberly-Clark’s increased ownership in K-CSA will enhance its growth potential in African region. The company’s alliances in these areas would allow it to further strengthen its existing business or gain a strong foothold in new sectors and markets.

## Increasing preference for natural personal care products

Some consumers are realizing the power of treating their skin with vitamins, botanicals and avoiding such ingredients as parabens and sulfates. Consequently, natural and organic products are being seen and appreciated as being safe, efficacious, earth-friendly beauty solutions that are better for one’s well-being. Another reason why natural ingredient based skincare and personal hygiene products are perceived as healthier and better is that natural as a standalone word/concept strongly implies a healthy balance. In that way, it can elicit an emotional response from consumers and therefore has strong relevance to emotional wellness. Kimberly-Clark can capitalize on this growing trend by launching more natural personal care products.

## 2. 2. 4 Threats

## Intense competition

The personal care businesses are characterized by intense competition throughout the world. The company competes in selected product categories against a number of multinational manufacturers. In addition to products sold in the mass-market and demonstrator-assisted channels, the company’s products also compete with similar products sold in prestige department store channels, through door-to-door or mail-order marketing or through telemarketing by representatives of direct sales companies. Brand recognition, quality, performance and price influence the consumers’ choice among competing products and brands. Advertising, promotion, merchandising, the pace and timing of new product introductions, line extensions and the quality of in-store sales staff also have a significant impact on consumers’ buying decisions. Kimberly-Clark’s major competitors include Georgia-Pacific Group, Johnson & Johnson, Playtex Products and Procter & Gamble Company.

## Increasing oil prices

Fuel costs for the company represent a significant portion of its distribution cost, thereby, affecting its operating margin. A number of the company’s products, such as diapers, training and youth pants, incontinence care products, disposable wipes and various health care products contain certain materials which are principally derived from petroleum. These materials are subject to price fluctuations based on changes in petroleum prices, availability and other factors. The company purchases these materials from a number of suppliers.

The crude oil prices have been increasing in recent years. The crude oil prices rose from $60 per barrel in October 2006 to $126 per barrel in May 2008. The price of natural gas has also increased. The short-term outlook indicated further increase in oil and natural gas prices. The surprise fall in US energy stocks and Organization of the Petroleum Exporting Countries (OPEC)’s decision to stick to its current output levels are expected to keep oil prices above the key $100 mark. Higher fuel prices are likely to have a direct impact on the company’s distribution cost and may directly affect its margins.

## 2. 3 Competition

Kimberly-Clark Corporation is forming its own market for male tissue products. Although there are companies that do make tissues and toiletries, So far the Kleenex is the only brand thoroughly designed for men, especially metro-sexual.

## 2. 4 Product offering

We decide to offer three products for the first run, all of them have been designed to attract the target market of metrosexual men, although have potential attractiveness among other groups. These products are designed to be easily hold and used by target market and have a clear advantage because of their special life style:

Tissues with Vitamin E: Nourishing and rejuvenate the skin

Tissues with Sun block creams: protect skin from UV damage

Tissues with Aroma: perfume attracting, relaxing and anti stress effect

They also have been designed in three packs for ease of use and different rate of use:

50 tissue pack

25tissue pack

10 tissue pack

## 2. 5 Marketing’s key success factors

The key to success is designing and providing something special for a relatively high portion in market that matches their needs and have potential to go further of their expectation because of its high quality material and special features which have been introduces new to market and has the support of one of the best brand tissue companies (Kleenex), so it already has a good name because of the brand and by combining it with high quality and special features according to customer needs and demand can achieve a reasonable success in the market.

## 2. 6 Critical issues

Using the Kleenex brand reputation this product should be always monitored in order to keep the quality high and constant.

Pursue and control the growth rate to ensure that this product line revenue always exceeds the expenses to ensure the profitability of this product line.

Customer satisfaction should be carefully monitored to prevent the thread of new similar products. In other word it should always exceed the customer expectation.

## 3. 0 Marketing strategy

The marketing strategy for introducing and maintaining this product is focus on male care and increase in attractiveness of this issue among the group which covers a high portion of Malaysia population (20%) that prepares the grounds for achieving reasonable and successful growth in this market. Special differentiation of this product is its nourishing and rejuvenating feature. (3)

## 3. 1 Corporate mission

Kleenex®metro strive to provide the finest special application tissues in combination with best quality resources. “ We recognize that only companies that build sustainability into the way they do business will have enduring success. Our business relies on natural resources such as wood fiber, energy and water. It is clearly in our best interest to design products and manufacturing processes that conserve these resources and secure their availability for the future.”

## Measurable and attainable objectives: short term / long term goals

## 3. 2 Marketing objectives of the plan

Maintain positive growth by diversifying products for different purpose of usages, for example developing new products using during body building or other physical exercises, (Product development strategy.)

Trying to steadily increase demand by penetrating among other male and/ or female groups (using in beauty salons, sport teams…)

## 3. 3 Financial objectives

Increase sales by 2% in the year 2011. (1)

According to Malaysian demographic profile (2009), population growth rate is 1. 7%, we use this figure in financial growth rate and assume that financial growth rate is 2% accordingly.

Allocate 10-15% of sales revenue to R&D projects each year

Allocate 5% of sales revenue to corporate social responsibility each year

Achieve 30% sales growth rate till 2013. (10% growth each year)

(2) We have used NIVEA for men annual report, using its sales growth forecast here.

## 3. 4 Target market’s profiles

Now the number of men who are changing their purchasing habits towards personal hygiene, grooming and physical appearances’ products is increasing.

So, all men who take care of themselves and concerned with their appearance are our target market. We call them Metrosexual Men. The age interval of this segment is between 18 to 45 years old, with 60% concentration on men around 18-25 years old, men who really care into rejuvenating and protecting skin during their daily life. The income of dandy man is the secret of attractiveness of this segment which is relatively high. In addition the growth rate of this phenomenon is tremendous over the past several years.

(3) According to Malaysia demographics profile 2009, male population between 15-64 years is now 8, 210, 373(31. 9% of total population of 25, 715, 819) we assume the population between 18 to 45 years old to be 20%.

More than 27% of men are using these products nowadays. However, another 35% of men today say that they are interested in trying them, but have not yet made the leap.

(4) These figures are based on the results of our questionnaire survey.

## 3. 5 Positioning

Kleenex® Metro, using Kleenex brand tissues trademark and industrial experience in the market since 1924, wants to position itself as the premier company in producing and offering high quality nourishing, rejuvenating and anti- UV tissues especially designed for dandy men.

## 3. 6 Strategies

Using Kleenex as a well-known brand among the society the marketing strategy tries to attract customers among groups in several ways. First one is redesigning the Kleenex website, allocating a dominant position to Kleenex ®metro. Second and major one is promoting by viral marketing as our target segment have rigorous relation and connection to internet, specially websites, blogs and emails. The third strategy is using famous brand ambassadors for promoting the product on boards in cinemas, fashion magazines and related literatures. Using brand ambassador is relatively high cost advertising but has a great effect on this target market. After customer awareness we focus on other comparatively low cost options especially viral marketing and websites.

## 3. 7 Marketing Mix

## Product positioning – product description, value added features

Value Proposition Statement (VPS):

The extra ordinary new feeling of new Kleenex Metro-softness with fabulous odor, more lively rejuvenated skin for those who indulge in metro-sexuality.

Point of Parity (POP): Softness and fabulous odor are the two major similarities of this product and others.

Point of Difference (POD): Nourishing and rejuvenating the skin could be considered as the two main differentiations of the product.

## Price- Pricing strategy, incentives (sales, discounts):

The pricing objective is a combination of four subjects; first and for most, affordable luxuries is the most considerable objective for this product, since it characterized by high levels of perceived quality and status among the consumers. Secondly, as the company has been produced tissues for many years it plagued more with intense competition and changing consumers’ wants. Hence, survival could be mentioned as another objective in this situation. Thirdly, it is better to set the price that provide maximum marginal profit that in turns lead to maximum current profit, cash flow or rate of return on investment. Therefore, maximum current profit is the other objective for the company. Last but not the least, as producing the new product requires a relatively new technology, it is better at first to set higher price compare with normal product and slowly lowered over time. Then, market- skimming pricing is the other objective.

Price setting method: We select a method of combination of the value perceived by the consumers and their assessments and the competitors’ price and the price of substitutes. In fact, there is a mutual relationship between consumers and product; on the one hand the product should deliver the value promised by its value proposition and on the other hand the customers must have perceived this value, so the premium pricing could be charged in this situation. Although, our product has some unique aspects, we considered the some products that maybe seem to look like our product in some other criteria too. Therefore, we have mentioned the price of those products based on the survey that we have done through some supermarkets, super stores and pharmacies (Carrefour, Cold Storage, Watson and Vita care).

Elasticity of demand: Since the luxuries aspect of the product is more dominant, its demand relatively hardly changes with a small change in price, hence, we can consider that it is inelastic.

Price: With consideration of especially these two previous items (the method and inelasticity of demand) and some other criteria like tendency of customers to process the prices in left-to-right manner we set the price for our product as below:

Incentives for increasing sales volume: Discount and Allowances are two major categories that we could mention in this situation, especially for early payment (below than 15 days) and more volume purchases by the customers. Furthermore, we can consider some functional discount or trade discount for some channel members if they will perform certain functions that specified by the company; for instance if they could keep the records, the company can allocate extraordinary discount to them.

## C- Place-sales area, distribution

At the beginning we have just considered “ Malaysia” as our distribution area.

## Channel of distribution:

Selective distribution: All the retailers and intermediaries willing to carry the products.

Marketing channels: retail stores, wholesalers/distributors and sales force.

## Retailers:

Department store; Parkson, Metrojaya, Isetan and Jusco

Supermarket; Cold Storage

Superstore; Carrefour, Tesco and Giant

Specialty stores; Guardian, Apex, Prima Health and Watson

SPA centers; that regularly visited by our target customers

Men’s salons and barbershops

## Wholesaler:

All merchant wholesalers (full-and-limited service jobbers and distributors)

Competing brand: No relevant competitor most likely have a lower price range

## D – Promotion – advertising methods, public relations

We want to use two major marketing communication mixes:

## Personal influence channels:

1-Distribution of free 10-15 tissue sample packs at strategic business locations during the rush hours (especially at weekends’ nights).

2-Appointment with spokesperson, celebrities and brand ambassador

## Non personal communication channels:

Sales Promotion: we intend to draw stronger and quicker response from buyers, moreover, we want to highlight our product offer, hence we can mention about consignment booths, product samples and prominent shelf displayers in the outlets.

Place Advertising; we want to increase the number of spontaneous buying decisions, so we can apply for using ads on shopping trolleys, shelves, floor space, in-store demonstration.

Publicity and PR; we intend to attract attention to the product launch and instill credibility, therefore we had better to consider about special events, sponsoring celebrations the national and conventional events, press releases in this situation.

Advertising; as we want to increase the number of consumers who utilize the product and recognize it as a value product, we must apply for advertising on Newspapers, Magazines; especially for Male, Outdoor, highway billboards and Internet)

We will also focus on Kleenex website and use of viral marketing in our strategy for advertising and promoting the product.

Finally, as we have specified our audiences; all men especially Juvenile and young men (18-45 years old), we can follow the communications process model effectively in most of the relationships and communications with our customers.

## 3. 8 Marketing Research

As Kleenex is a very well-known brand and has a strong experience in launching and establishing many kinds of tissues, it has a good opportunity in testing its new products using its facilities, laboratories, scientists and experts. It has also a good position in tissue market to convince the customers in free toll zones for example for tourists and people who go holidays in special zones, such as Penang or Lankawi in Malaysia to achieve a strong feedback from its customers and improve the product.

## 4. 0 Financials:

This section will offer the financial overview of Kleenex Metro, from the sales forecasting perspective. We do believe that we should take into consideration the conservative sales forecasting in order to have a more realistic estimation. For making related the financial overview to marketing activities and marketing expenses, we can expect to cover the marketing expenses from the sales of the second year.

The expenses forecast will be used as a tool to keep the department on target and provide indicators when corrections or modifications are needed for the proper implementation of the marketing plan.

The purpose of the financial part of Kleenex Metro marketing plan is to serve as a guide for the organization. The revenue, expenses, customer satisfaction, and etc will be monitored to gauge performance.

## Key planning assumptions (sources of information)

(1)

According to Malaysian demographic profile (2009), population growth rate is 1. 7%, we use this figure in financial growth rate and assume that financial growth rate is 2% accordingly.

(2)

We have used NIVEA for men annual report, using its sales growth forecast here.

(3)

According to Malaysia demographics profile 2009, male population between 15-64 years is now 8, 210, 373(