

# [Ghari detergent and its market strategy](https://assignbuster.com/ghari-detergent-and-its-market-strategy/)

However this wouldnt be possible without the needed production, and thus company is all set to start newer manufacturing plants, at present the company has 21 units, 15 of which were added in the last 5 years and planning to add 4 more units in next 2 years by seeing its market potential especially in southern india. Accordint to various researches, ghari has been a better and bigger rival than nirma for many quarters now because of their model of having small manufacturing units and large depots every 200-250 km in major key markets, this has really worked in their favour, and another strategy which ghari followed was that it never fought a battle on the pricing issue and front and infact took a bold step of pricing at a 10% premium over HUL’s wheel and Nirma.

http://www. gharidetergent. com/images/sales\_turnover. jpg

net-profit

However Rohit Surfactants(the maker of ghari detergent powder and bar) has not limited itself to just ghari but is also giving competition in other segments too, company has come out with a premium detergent called MR2, ghari gold for modern trade, Xpert dish cleaner and venus soap and next in line are ghari unn(for woolen clothes) and venus shampoo.

The detergent market has three well defined segments, PREMIUM(around 15% of the market, surf, ariel etc), MIDSCALE(around 40%, rin, tideetc.) and POPULAR(45% market, ghari, fena, nirma etc.), so ghari is positioned at the bottom of the market where the real volumes lie.” ghari is everybody’s brand” has been the key reason for its success. pricing and valur for money has bene the main reason for its success. the choice of detergent has to be inevitably one that gives the maximum results at the lowest price. ghari powder is priced at rs 20 for 400 grams and ghari bar bar at rs 15 for 145 grams and this is much below the brands like surf, ariel, henko, tide etc. the aggressive price tags seem to have wroked and one of the factors that have contributed to ghari’s sucess is the PRICE-QUALITY ratio.

http://strategicmoves. files. wordpress. com/2011/01/picture31. png

Ghari’s lower price is the result of its manufacturer’s will to settle down for a lower net profit margin of 9% while the industry standard is 12-14% for the premium players, this cleraly indicates that market share has been preferred over the profit margin. and this strategy has been successful beacause Rohit Surfactants is a closely held company and they don’t need to justify any of their startegies for low profit margin to a large body of shareholders and analysts,(ghari detergent provides a profit margin of 9% to its dealers which is lower than the standard 12-13% of premium brands but at the same time higher than the competitors offering 6-7% in the same segment, thus keeping the strong delaer base. the second strategy has been the SHOESTRING advertising and marketing budget. in 2010, its marketing was handed out only 2% of its turnover while its 12% or more for national brands. the third strategy has been the use of local workers and skilled work force from the near by institutes and not hiring from the large and reputed engineering, management institutes thus saving heavily on salaries and perks and at the same time serving to local employment and making a positive image and earning local support and respect from people and governmnet.

Innovative marketing played a major role in it branding and advertising, for ex. Ghari Detergent express(a summer special train) that ran between lucknow and guwahati for 2 months and motivated from its success, ghari now advertises in pushpak express that runs between lucknow and mumbai, the compnay has been branding itself through advertising in various trains which cut across3-4 states and mainly in the sleeper and general boggies which are their targeted segments of consumers. use of roadside shows, magic shows and exhibitions in smaller towns and cities. customers are unlilkey to see any other brands at these places. however currently the company has also started using the popular media, sponsoring some tv serials and tv advertisements.

Segmentation is another key concept for successful marketing, the company being a small firm couldn’t afford expensive marketing strategy so it segmented according to it and focussed mainly on geographic variable.

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RnD-Ghari studied the market in depth about the consumer psychology of its segment, it came to the conclusion that the visibility of foam produces a positive impact of the comsumer’s product psychie. more the foam content, better the quality of detergent is believed by the consumer. due to this ghari tested the various water quality in various regions of its potential market and based on that research and experiments it added the chemicals for better and more foam according to the need in various regions depending on the water content. this proved of a great help for making a positive impact in comsumer’s mind for ghari.

Diversification by the RSPL-company has entered into various other businesses like real estate(nimmi buildtech), footwear(red chief brand), wind energy generation projests, dairy products(Namaste india foods pvt ltd.) for increasing its market share and presence and becoming a true pan-india company.

Recommendations-ghari is doing really well as per of now but competition is really tough in its segment, not only from the various top dogs like HUL, PnG but even frm nirma, fena etc. Regional brands. it should learn from nirma and should not repeat nirma’s failure after a time. it has to invest more in RnD, market research, better branding and marketing in order to reach out to maximum number of consumers. brand consciousness is increasing in india and purchasing power of Indians is increasing and these things gives power to MNC’s over regional brands.” giffen goods” phenomenon may prove disaster for regional brands. and as the tag line of RMPL says” EVOLUTION IS CONSTANT”, they really need to be ready everytime to evolve if they have to remain on the top.