

The age miracle creams marketing essay



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Market segmentation is the division of a market into different groups of customers with distinctly similar needs and product/service requirements. Or to put it another way, market segmentation is the division of a mass market into identifiable and distinct groups or segments, each of which have common characteristics and needs and display similar responses to marketing actions.

Market segmentation was first defined as ‘ a condition of growth when core markets have already been developed on a generalised basis to the point where additional promotional expenditures are yielding diminishing returns’ (Smith, 1956). There is now widespread agreement that they form an important foundation for successful marketing strategies and activities (Wind, 1978; Hooley and Saunders, 1993).

The purpose of market segmentation is to leverage scarce resources; in other words, to ensure that the elements of the marketing mix, price, distribution, products and promotion, are designed to meet particular needs of different customer groups. Since companies have finite resources it is not possible to produce all possible products for all the people, all of the time. The best that can be aimed for is to provide selected offerings for selected groups of people, most of the time. This process allows organizations to focus on specific customers’ needs, in the most efficient and effective way. As Beane and Ennis (1987) eloquently commented, ‘ a company with limited resources needs to pick only the best opportunities to pursue’.

The concept of market segmentation was first proposed as an alternative market development technique in imperfectly competitive markets, that is, in markets where there are relatively few competitors selling an identical product. Where there are lots of competitors selling identical products, market segmentation and product differentiation produce similar results as competitors imitate your strategic approach more quickly and product differentiation approaches meet market segment needs more closely.

With an increasing proliferation of tastes in modern society, consumers have increased disposable incomes. As a result, marketers have sought to design product and service offerings around consumer demand (market segmentation) more than around their own production needs (product differentiation) and they use market research to inform this process

Objective Of Study

1. To understand market segmentation and consider why it is used.
2. To examine how companies segment markets.
3. To explore different targeting strategies.
4. To learn about the role and process of positioning in segmentation strategies.
5. To consider how marketers can achieve the most from market segmentation.

The Process of Market Segmentation

The intricacies involved in market segmentation are said to make it an exacting activity. Griffith and Pol (1994) argue this point on the basis of multiple product applications, greater customer variability, and problems associated with the identification of the key differences between groups of customers. However, there have been numerous attempts to define and describe business segmentation, using a variety of variables and ranging from the severely product-based to customer needs-based orientation.

There are two main approaches to segmenting markets. The first adopts the view that the market is considered to consist of customers which are essentially the same, so the task is to identify groups which share particular differences. This is referred to as the breakdown method. The second approach considers a market to consist of customers that are all different, so here the task is to find similarities. This is known as the build-up method. The breakdown approach is perhaps the most established and well recognized and is the main method used for segmenting consumer markets. The build-up approach seeks to move from the individual level where all customers are different, to a more general level of analysis based on the identification of similarities (Freytag and Clarke, 2001).

The build-up method is customer oriented as it seeks to determine common customer needs. The aim of both methods is to identify segments in the market where identifiable differences exist between segments (segment heterogeneity) and similarities exist between members within each segment (member homogeneity).

Market segmentation and positioning are key determinants of successful marketing. They are fundamental to the matching process which is the *raison d'être* of marketers. It is marketers who are responsible for ensuring that the offer made by the company in the marketplace satisfies the wants and needs of the target market of customers and consumers. Segmentation and positioning analyses enable the marketer to make informed choices about what to offer, to whom, and in what way.

'Customer' and 'consumer' are often used interchangeably. The term 'consumer' generally means the final consumer, who is not necessarily the customer. For example, a parent buying lunch box snacks is probably acting as an agent on behalf of school-age children. The parent can therefore be described as the 'intermediate customer' and the child as the 'end consumer'. To market such snacks effectively, the marketer must differentiate the wants and needs of each party influencing the purchase process. He or she must also be clear about which actors in the process are to be the subject of any segmentation exercise.

The term 'market' must be defined unequivocally. For example, Mark Warner and Saga are both holiday companies but they are not in the same market. The former offers holidays for families, young couples and groups in Alpine and sunshine resorts, while Saga caters for the more mature traveller who may be looking for holidays involving leisure pursuits such as sightseeing, bridge or walking.

We need a definition so that we can

Measure market share and market growth;

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Specify target customers;

Recognize relevant competitors;

Formulate marketing objectives and strategies.

As a rule of thumb, a market should be defined in terms of a consumer need, and in a way that covers the aggregation of all the alternative products and services which consumers regard as being capable of satisfying that need. For example, a brand of instant coffee not only competes with other brands in the same product category, but also with alternative hot drinks such as tea and chocolate. Consumers may even see cold drinks such as colas and water as substitutes for it.

Needs-based definitions evolve over time as trends emerge in the marketplace, and companies must be prepared to revise their definitions accordingly. Nevertheless, they need to devise a definition that is manageable. At the extreme end of the range, micromarketing is about marketing to the individual as a segment of one. However, companies must be able to meet the needs of individual segments in a way that is commercially viable. They therefore concentrate their efforts on groups of many customers who share approximately the same needs.

Market segmentation allows companies to gain advantage over their competitors in the marketplace by enabling them to concentrate resources on clearly identified opportunities. It is based on the assumption that ‘birds of a feather flock together’.

In many cases, the segments form separate markets in their own right, and they can often be of considerable size. There are number of criteria that make a market segment of commercial interest, including the following :

The segments should be large enough to provide an adequate return on investment.

The requirements of segment members should be very similar, but the members should be distinct from the rest of the market.

Segments must be reachable, that is, the channels, or routes to market (where people buy), must be accessible.

Methods of Market Segmentation

1) Geographical segmentation-Chronologically, this kind of segmentation appeared first . For planning and administrative purposes , the marketer will often find it convenient to subdivide the market into areas such as nations, states, regions, cities , etc. In systematic way . The great advantage of adopting this scheme is that standards regions are widely used government and its facilitates collection of statistics . Most of the national manufactures split up their sales areas into sales territories either state wise or district wise .

2) Demographic segmentation-Under this method , the consumers are grouped into homogenous groups in terms of demographic similarities such as age, sex, education standard , income level, etc . This is considered to be more purposeful since the emphasis ultimately rest on the customers .

Age group are considered by manufactures of certain special products , for example , toys. Even in the purchase made by parents , children exert a profound influence . The market segmented on the basis of the age groups is as follows : children , teen agers , adults and grown up .

Anti Aging products

Anti-aging products were originally designed for the baby-boomer generation, however in the recent report, the analysts (global cosmetic industry, 2008) revealed that the

Future growth will be fuelled by the expansion of the consumer base into younger age Groups aged 25 to 30 which seem to be increasingly interested in applying anti-aging Products, particularly topical skin treatments. This shift is leading to an increase of Spending on anti-aging products which and is likely to result in improved market Opportunities for producers seeking continuous expansion of their operations.

The growing potential of the anti-aging skincare segment along with its menacing Competition spurs cosmetic market players to design and launch new products in order to stay in the game. Unilever, the world's eighth biggest cosmetics manufacturer (cosmetic design, 2008) regularly updates their skincare product line. The company Launched pond's age miracle anti-aging skincare cream specifically for the Asian market In the late 2006 - early 2007 in an attempt to capitalize on the market's huge potential. And to tactically respond to the life-long rival p&g's earlier launch of Olay total effect,

Globally in 1998 (Olay, 2008) and Vietnam 2005, a multifunctional anti-aging products. In Vietnam, pond's age miracle was launched in January 2007.

Designed and manufactured using a breakthrough cla (conjugated linoleum acid) technology, pond's Age miracle was claimed to be a new solution for the aging skin capable of visibly reducing wrinkles in seven days. Its launch by unilever Vietnam was marked as “ strategic and must-win” stressing its significance for the manufacturer. Initially, pond's age Miracle received a friendly welcome and shot up to capture a substantial share of Vietnam anti-aging skincare market.

IDENTIFIED ATTRIBUTES OF ANTI-AGING SKINCARE

Eight interviews returned us a total of thirty product attributes that the respondents consider when selecting an anti-aging skincare. There were found no significant differences between the interviewees' responses as almost all of them shared the same view of anti-aging products regardless of being Olay, Pond's Age Miracle, third-party users or potential ones. The two attributes classes – beneficial and image – rather than characteristic, drew most interest of the interviewees. Another important aspect of the interviewees' responses is an expectation of something more than just wrinkle reduction, the main function of anti-aging skincare; some even respondents didn't even mention this attribute at all.

Olay Total Effect

Olay is a P&G skincare brand line which offers a range of products with different functions in two main categories – cleanser and cream – with the

aim of meeting the full range of skincare needs, whatever the user's age or skin type.

In March 2005, P&G entered India's anti-aging skincare market with their Olay Total Effects brand line extension in the footsteps of its launch in Indian market. The India launch was a first mover strategy to tap into the premium skincare segment before the arrival of the major competitors. Olay Total Effect successful market entry also allowed P&G to make inroads into other skincare categories like whitening, moisturizing and cleansing in 2006 and 2007.

The product is claimed to offer multi-effects including reducing fine lines and wrinkles, smoothening skin texture – visibly and to the touch, evening skin tone for younger looking, more balanced color, improving surface dullness, giving skin a radiant, healthy glow, minimizing pores, visibly reducing the appearance of blotches and age spots and smoothening dry skin.

Olay Total Effects is sold at the price of 190, 000 VND (equivalent of 7. 6 EUR) and in one suits – all size of 50g both through modern channels like supermarkets, shopping centers and traditional channels like street shops and wet-markets.

Olay is tapping the premium slice of the Rs 2100 crore Indian skin care market. Olay has launched its first product in the anti-ageing segment with its Total Effects sub brand. Anti-ageing segment is still a niche with a market size of Rs 60 crore. The segment is but growing very fast.

Olay has launched its Total Effects anti ageing solution after much consumer research. It had conducted research on over 6000 ladies of age between 30-69 years from three continents and identified 7 signs of ageing.

1. Fine lines and Wrinkles
2. Sagging skin
3. Uneven skin tones.
4. Age spots
5. Appearance of pores
6. Dull skin
7. Dryness

Total Effects is differentiating itself through the presence of the ingredient Vita Niacin. Vita Niacin is a patented formulation that contains Niacin amide Vitamin B3 , Vitamin E and Provitamin B5 Pathenol + sunscreen protection.

Olay true to the concept of Global Brand and Local strategy has launched itself with a series of promotional campaigns. The brand has the bollywood diva Sushmita Sen as the brand ambassador. Currently Olay is running two campaigns in the visual media. One campaign is the Olay brand building campaign featuring Sushmita Sen and another is for the Total Effects moisturizing lotion.

Watch the Tvc : Total Effects

For the Total Effects range, the company uses a testimonial type of campaign featuring a Model/TV Anchor. The focus is more on the functional benefits of the product rather than harping on any emotional benefits. The brand is positioned as a brand that celebrates beauty within and outside. The brand worldwide uses the tagline " Love the skin you are in ". The brand believes that Looking Good and Feeling Good are inseparable. Loving the skin we are in is the most beautiful feeling of all.

Olay Total Effects is priced at Rs 599 for a 50 gm bottle. By Indian standards, this accounts for a premium category. Olay Total Effects is targeting ladies between the age 30 - 60. Besides this anti-ageing product, Olay has introduced cleansers, face pack and moisturizing lotions. The brand is expected to introduce its blockbuster range of products in India in a phased manner.

The premium skincare segment was in a vacuum ever since HUL decided to cater to the masstige segment by repositioning Lakme and Ponds. Now with P&G and ITC seriously looking at premium segment, the market is going to witness a marketing war in days to come

Pond's Age Miracle

Pond's is Unilever's skincare brand line. Introduced to Indian market in 1996, Pond's quickly became a leader in mass skincare, the main market segment in India at the time. Pond's product range focuses on whitening segment including moisturizers and facial foams. As a part of their counter-offensive to an ongoing expansion of Olay Total Effect, in January 2007 Unilever

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launched Pond's Age Miracle, an upper tier anti-aging skincare extension of the existing Pond's range also supposed to reinforce Pond's overall image in the mass market.

Its launch campaign was based on a vox pop format: It had people from various walks of life giving their feedback on the products. This was followed by 'Romance Revival', a heartwarming television commercial of a husband-turned-chef trying to bring romance back into his married life. These campaigns continued to be aired for the first six months of the brand's launch.

An endorsement campaign on television wherein celebrities such as Mehr Jesia Rampal, former Miss India and model, and Rina Dhaka, fashion designer, talk about how Pond's Age Miracle has changed their lives, is also seen off and on. Currently, a television campaign, 'Satisfaction amongst Millions', is being screened. "*****`

With players like L'Oreal and Olay, in addition to Pond's, the anti-aging market in India stands at Rs 60 crore today, according to Nielsen figures for 2007, and it is growing at a rate of 30-40 per cent per annum,

Pond's Age Miracle line includes cream, serum, facial foam, lotion and eye cream toner in which the cream is a flagship product that secures 80% of sales of the whole range. It is claimed to offer solution to wrinkles and dark spots effective in 7 days.

Pond's Age Miracle cream is offered into two pack sizes: 50g priced at 190,000 VND (7.6EUR), and 30g priced at 129,000 VND (5 EUR). As a part of the

strategy to fight against Olay Total Effect, Unilever ensured equally extensive distribution network for Pond's Age Miracle and its availability to end-consumers through every possible channel (Unilever, 2008). The successful launch in early 2007 allowed Pond's Age Miracle to gain a substantial share of nearly 50 % in the anti-aging skincare category a few months later. However, soon after the product experienced a sharp decline of its sales and market share. The bottom line – the product profitability – was also breached, resulting in Unilever Vietnam considering the decision of withdrawing Pond's Age Miracle from the markets.

Conclusion

The underlying principle of market segmentation is that the product and services needs of individual customers differ. Market segmentation involves the grouping of customers together with the aim of better satisfying their needs whilst maintaining economies of scale. It consists of three stages and if properly executed should deliver more satisfy customers, few direct confrontations with competitors, and better designed marketing programmers.