

Similarities in competition between real world and markstrat marketing essay



The soap and detergent industry includes companies that are primarily engaged in manufacturing soap, synthetic organic detergents, inorganic alkaline detergents, and crude and refined glycerin from vegetable oils and animal fats. It is an international industry, and during the early years of 1990, world demand for its products has increased 1 to 3 percent every year. Many of the participants in the industry competed on a global basis.

According to analysts, there is a firm correlation the standard of living of a nation and its usage of soap and detergent products. The analysts are expecting the industry to continue to grow in both the industrialized as well as developing nations.

According to recent trends, liquid cleansing products are outpacing the traditional bar soap and powder cleaning products. In addition to environmental and health considerations, societal transformation has propelled the changes in the soap and detergent industry

Population growth, especially households with children, drives demand in the consumer sector, while growth in economy drives demand in the commercial sector. The profitability of individual companies depends on several factors, such as efficient operations and effective sales and marketing

. Large companies have scale advantages in domains like buying, manufacturing, distribution, and marketing. Small companies can effectively compete with large companies by formulating specialized products, offering superior customer service, or catering a local market

The modifications in the cleaning products were also spurred by technical innovation, availability of improved ingredients, such as bleach additives,

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better optical brighteners, and improved technologies to improve the performance of soap and detergent products. Marketers packaged products differently to meet the needs and requirements of specialized users like households with infants or with men performing tasks that are traditionally associated with women. To meet the requirements of different market segments, the industry saw a development of brands and varieties. For example, a specific large super-market might contain more than 40 different varieties of soaps and detergent detergents including both liquids and powders.

Category

Houseware -> House supplies -> General Laundry Accessories -> Laundry Detergents

Laundry Detergents

Laundry detergent, or washing powder, is a substance which is a type of cleaning agent that is added when one is washing laundry to aid in getting the laundry cleaner. Laundry detergent has traditionally been in a powdered or solid granular format, but the use of liquid laundry detergents has gradually increased over the years, and the popularity of liquid detergent now rivals that of solid detergent. In some countries where washing clothes by hand is more popular, detergent bars are more popular. Recently, environmentally friendly detergents have experienced a surge in popularity. Laundry detergent typically consists of ionic and anionic surfactants which act as the ingredient to remove the dirt from the clothes, perfume, phosphors which make clothes appear whiter, and for powders anti attacking

agents to prevent the powder becoming one large lump in the presence of
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moisture. For liquid detergents, the bulk of the product is water; for concentrated liquids, the water content is somewhat lesser. Detergents may have other additives such as bleaches and fabric softeners and these are usually advertised clearly on the packets as selling points

Solid laundry detergent is commonly sold in cardboard boxes and plastic tubs as a powder, although compressed tablets are also available. In many parts of the world, laundry detergent is also sold in single-use packets or sachets. This single use allows the consumer to buy the detergent they need for the day rather than having to spend a larger amount upfront. The size of the boxes can vary from small single-use boxes to large economy-size boxes. For domestic use, powder detergent is generally sold by volume in box sizes of around 1 kilogram (2.2 lb) and 3 kilograms (6.6 lb). In some cases, plastic measuring scoops have been included inside the boxes. Liquid detergent is sold in plastic bottles, usually high density polyethylene or sometimes PET or other kinds. Again, various sizes are available. On large-size bottles, a handle to carry the bottle is often pre-formed as part of the bottle. The bottle caps are often made large enough so they can be used as cups for measuring out the liquid detergent;

Types of stains : Organic, Inorganic, Pigments

Stain removal : Water, Surfactants, Phosphates, Acids and Bases, Enzymes, Oxidizing Agents, Temperature

Some examples of the major brand in this category are Tide, Ariel, Surf Excel, Comfort, Sunlight, Nirma, Wheel

As an example we look at the SWOT analysis for Surf Excel

Strengths : Strong brand portfolio, Price quantity and variety, Solid company base, innovative aspects, High quality manpower, Extensive Reach, Social responsibility, Competitive advantages, Success of its tagline

Weakness : Strong competitors, high price, substitute products, Financials, lack of control in markets, lack reliability of data, plan predictability, lack of competitive strength

Opportunity : Changing life style of people, new markets, vertical, horizontal, increasing the volume of production, seasonal weather and fashion influences, geographical export and import, niche target market, Business and product development, Technology development

Threats : Political effects, legislative effects, environmental effects, economic crisis, change in lifestyle, introduction of local products, Obstacles faced, increase in production and labor cost, chances of price war

All the brands in this category are facing tight competition. Since the competition is high, the company/brands have to keep watching the market closely for avoiding any sudden collapse for the product. For surviving in the coming years, the company needs to take a lot of steps in developing the products by doing research and analysis, introducing innovations and new technologies, producing different varieties of products according to the tastes of the consumers etc.

Category: Personal Care -> Bathing Soaps

Bathing Soaps :

Personal care products are generally used for personal health and hygiene.

Soap is a product that many people might take for granted or consider rather ordinary, but for some, lathering up can be a treasured part of a morning or nightly routine.

Scented or unscented, in bars, gels, and liquids, soap is a part of our daily lives.

India is a vast country . Household penetration of soaps is 98%. People belonging to different income levels use different brands, which fall under different segments (see table below), but all income levels use soaps, making it the second largest category in India (detergents are number one). Rural consumers in India constitute 70% of the population. Rural demand is growing, with more and more soap brands being launched in the discount segment targeting the lower socio-economic strata of consumers.

The basic need for bathing soaps is self cleaning and a sense of freshness after bath. The marketers have various brands of soap with nearly similar function to perform. These all are segmented according to consumers preference and choice also according to the cost factor.

Example : Premium (Lux, Dove) , Economy (Nirma, Lifebouy), Popular (Cinthol, Nirma), Others (Rexona, Dove, Santoor) Godrej, Fama Di wills, Nivea, Pears

The two major players in personal wash (soap) market are HUL, Nirma, P&G

Soap price in Rupees (per 75 gm cake)

Carbolic : 5 ; Discount : 7 ; Popular : 11 ; Premium : 17 ; Super Premium : 35

Soap is primarily targeted towards women, as they are the chief decision-makers in terms of soap purchase. Medicated positionings like germ killing and anti-bacterial are marketed to families.

About 75% of soap can be bought through these different types of outlets:

Kirana Store: This is the most common source for buying soap, which usually forms a part of the month's grocery list (which is purchased from these Kirana Stores). Consumers exhibit loyalty to these stores, which is largely dependent on proximity to consumers' homes. Here consumers buy across the counter and do not have an option of browsing through display shelves.

Pan-Beedi Shops: These are really small shops, almost like handcarts, and they are primarily set up to dispense cigarettes and chewing tobacco. However, one would find such a shop at every corner and they are the main sources of soap purchase for the lower socio-economic classes. These kinds of shops exist by the dozen in rural areas.

Department Store: In India, there are very few department stores and the "Indianised" version of department stores are called "Sahakari Bhandars." It is still a fairly new concept. However, department stores have good display counters and this is the only place where consumers get a first hand experience of shopping and choosing from available options. Here soap prices are also discounted below the retail prices.

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Similarities between real and markstrat world

Understanding customer needs

Long term perspective

Marketing as a profit center

Competitive environment with major players coming up with different brands targeting different customer segments

Marketing strategy is based on segmentation, positioning, and resource allocation

Large territory with highly developed economy

Firms have come into existence at different time points in different respects

Distribution channels

Objective : To maximize share price index by optimizing market share, sales growth, net growth, cumulative net contribution, R&D investments

Market research to understand consumer survey, consumer panel, distribution panel, semantic scales, multi-dimensional scaling, industry benchmarking, market forecast, competitive advertising, competitive sales force, advertising experiment/research, conjoint analysis

Tactical decisions regarding Production planning, Inventory disposal, pricing, mass communication, sales force and distribution, market research

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Each firm has a marketing budget for the current year based on the previous years performance

It is possible to take a loan amount

The Sonite is the only product type currently marketed by your company. Sonite brands are differentiated mainly in terms of physical characteristics as well as base cost. In our chosen industry we can look at Bathing soaps as a sonite product.

We can distinguish five segments in the Sonite and hence Bathing soaps market with different characteristics and significantly different purchasing behavior:

Bufs (Bu) – People who are enthusiastic and very knowledgeable about the products. They are primarily concerned with quality and technical features. e. g. Nirma, Lifebouy

Singles (Si) – People in this segment live alone. Although they are less technically competent than Bufs, they demand good performance from a product that they may use more than the average consumer. E. g. Pears, Nivea

Professionals (Pr) – Persons who have a higher level of education and income. They tend to be more independent in their occupations and to engage in many social activities. Their purchase of the product is partially motivated by social status needs. E. g. Dove, Fiama di wills

High earners (Hi) – People who have high incomes but do not possess the higher level of education or occupational independence of the individuals in the Professionals segment. E. g. Lux, Cinthol

Others (Ot) – Consumers who do not belong to any of the above groups. This segment represents the largest proportion of the population. E. g. Rexona, Santoor

Although the scientific bases are known and available, substantial R&D efforts are likely to be required for the development of a Vodite product. In our industry, Detergent soaps can be comparable to Vodites.