

Marico is a leading indian group marketing essay



**ASSIGN
BUSTER**

Turnover: Marico's Products and Services in Hair care, Skin Care and Healthy Foods generated a turnover of about Rs. 23. 9 billion (about USD 478 Million) during 2008-091.

Products: Marico markets well-known brands such as Parachute, Saffola, Sweekar, Hair & Care, Nihar, Shanti, Mediker, Revive, Manjal, Kaya, Aromatic, Fiancee, HairCode, Caivil and Black Chic. Marico's brands and their extensions occupy leadership positions with significant market shares in most categories- Coconut Oil, Hair Oils, Post wash hair care, Anti-lice Treatment, Premium Refined Edible Oils, niche Fabric Care etc. Marico is present in the Skin Care Solutions segment through Kaya Skin Clinics (85 in India and The Middle East) and its soap franchise (in India and Bangladesh).

Parachute is premium edible grade coconut oil, a market leader in its category. Synonymous with pure coconut oil in the market, Parachute is positioned on the platform of purity. In fact over a time it has become the gold standard for purity. From a loosely available commodity to a path-breaking brand, Parachute pioneered the switch from coconut oil sold in tins to plastic. Parachute is also available in pouch packs, to service the rural sectors, increasing penetration. While the positioning of

Parachute has always been on purity, the communication has evolved over time to appeal to different consumer sets. Over a time the brand has sought to remain relevant and differentiated from competition through a slew of initiatives in packaging (introduction of the new sleeker Parachute pack) & communication like the " weight-test" (proving that pure Coconut oil is heavier than impure oil). Parachute has thus ensured that it enjoys

tremendous equity and trust with every passing generation. The brand has a huge loyalty, not only in the urban sections of India but also in the rural sector.

The quality of the product has contributed to its lasting success. The consistency, with which Parachute has delivered, ensures consumer loyalty and trust in the brand. Innovations in the packaging whether from the aspect of user-friendliness or aesthetics have and continue to help Parachute grow.

PART-A

1. Segmentation: Parachute is in the Segment Marketing level. It has different variants to suit the different needs of consumers and to tap a huge customer base.

Geographical Segmentation:

Since hair oil is an essential commodity, Parachute is present in every region, city, as well as rural and urban areas. This is because it aims at targeting every woman in any part of the world. However it is not present in all international markets. It is available in the Gulf, Bangladesh, South-East, Egypt, and UAE.

Demographic Segmentation:

Although it aims to target customers of any age group, its primary focus group are women of any age group. The user age group indicates that Parachute Coconut Hair Oil is used more by young and middle-aged women.

Income level is no hindrance to buying a Parachute Coconut hair Oil. Sachets of Re. 1, small, medium, and big bottles are available in the market

Occupation and education also are no great determinant in choosing hair oil. But a more conscious consumer tends to choose hair oil that enhances her personality.

A social class of a consumer may be wary of the way he/she looks. So, he/she may choose a higher valued product when compared to Parachute. However a habitual buyer may buy Parachute regardless of its price and what it has to offer.

Psychographic Segmentation:

Lifestyle and personality can determine the kind of product that an individual chooses. The present generation believes more on looking good than strengthening the hair with a pure coconut oil. So, the usage rate of the product is gradually coming down and many consumers are shifting their loyalty towards herbal or imported hair oils that provides the glossy touch to the hair and makes the individual look good.

The Socio-economic classification (SEC) could be B1, B2, C, D, E1 segments. This is based upon the market price at which Parachute Hair Oil sells in the market.

Behavioural Segmentation:

Occasions: Users may apply hair oil daily, alternate days, twice a week, Once a week, once a fortnight, once a month or never.

Benefits: Benefits are good quality hair, easy-to-use bottles and wide availability.

User Status: There are few ex-users, many users, a few non-users and potential users (who use loose hair oils).

Loyalty Status: Many are loyal to the product, some use a combination of different hair oils, some non-users use herbal hair oils, and some do not use hair oil at all.

Readiness Stage: More or less, every consumer is aware of Parachute Coconut Hair Oil. They are also informed about its qualities and drawbacks. Almost everyone has tried Parachute coconut hair oil at least once.

Attitude towards product: Mostly the consumers are positive about the product. A small minority is either indifferent or negative. The extreme cases of enthusiasm or hostility are absent or almost nil.

2. Positioning Strategy:

Parachute:

Brand name: Parachute

Positioning: As a purity brand.

Target Audience: The primary target audience of 'Parachute' is women of all ages in both urban and rural population of India.

Pioneering idea: Parachute pioneered the idea of selling the coconut oil in plastic.

Communication: Mass communication on the platform of 'caring' with mother daughter theme.

Parachute after shower:

Brand name: Parachute After shower Hair Cream

Target audience: Young men (SEC A, B)

Positioning: Focuses upon stylish look, non sticky and nourishing aspect.

Parachute Jasmine:

Brand name: Parachute Advanced refined hair oil and Parachute Jasmine

Target audience: Young and appearance conscious consumer.

Positioning: Focuses upon the fragrance aspect of the oil.

Parachute Sampoorna:

Brand name: Parachute Sampoorna

Target audience: Women customers

Positioning: Focus on providing strong hair.

Parachute Natural Shampoo:

Brand name: Parachute Natural shampoo

Positioning: On the platform of ' Naturals' which makes hair healthier. With the baseline 'Baalon mein sehat ka jadoo', Parachute Natural Shampoo's USP is that of using natural ingredients to make your hair healthy.

Hair & Care:

Hair & Care, pleasantly perfumed non-sticky hair oil is a strong brand in this category. It has a steady market share. It is positioned on the platform of

being the lightest perfumed hair oil offering both “ Style and Nourishment”. Hair & Care is upto 50% non-sticky than any other hair oil & is enriched with “ Herbal Proteins”, which nourishes hair with their natural goodness. Herbal proteins are extracted from Neem & Tulsi, a process patented by Marico. Hair & Care has always appealed to both men and women of all age groups, but the primary user has always been those in the younger age group. The brand is popular among both the urban and rural sectors of India.

Parachute Therapy:

Target audience: Females 25yrs +

Product positioning: The brand is a Natural Hair product with herbs which is recommended as a hair fall control solution.

3. Targeting Strategy:

A Marico industry is one of the largest FMCG Company in India, offering customised brands, catering to the needs of the target audience. Marico also has a very strong nationwide network which makes the brands available for the customers. Ultimately, for a FMCG company ‘ distribution’ is the core focus area to reach the target audience effectively. Marico is well known for its brand, Parachute coconut oil. Parachute is one among India’s top 100 most trusted brands and is the worlds largest packaged Coconut Oil Brand.

Parachute Coconut Oil

Parachute is premium edible grade coconut oil, a market leader in its category. Synonymous with pure coconut oil in the market, Parachute is positioned on the platform of purity. In fact over a time it has become the gold standard for purity. From a loosely available commodity to a path-

breaking brand, Parachute pioneered the switch from coconut oil sold in tins to plastic.

The target customer for parachute coconut oil has always been mainly women, through all age groups in both urban and rural sector.

Usage of oils is a deeply ingrained habit with Indian consumers . It is only in India that people feel that oil nourishes and strengthens hair, whereas shampoo only cleans it. But that does not mean that being a player in this highly competitive player is a cakewalk. Branded coconut oil worth about Rs. 700 crore comprises over half of the hair oil market but this market is almost dwarfed by its unbranded counterpart – for every liter of branded oil sold in the market, three liters of loose oil (priced at almost 50% less than branded oils) are sold.

To reach out to the target audience which is basically all the women in the country who feel application of coconut oil nourishes hair, Parachute based its communication on the platform of mother care relationship saying application of parachute is like mothers care thus endearing it to generations of women.

To take the brand into rural areas where the competition is much greater from loosely available coconut oil parachute came up with parachute oil in pouches which became very popular. For example in Tamil Nadu parachute made use of a campaign to Create awareness for Parachute Coconut Oil Pouch in towns with less than 20000 populations in Tamil Nadu

Convert loose oil buyers into Parachute pouch customers, by highlighting the advantages of the Parachute brand, convince them to pay a small premium for the brand. The communication strategy used to reach this target customer, which was rural women, was

Communication Strategy

Get the women folk out of their homes and participate in a van campaign which usually is dominated by men and children

Make them stay through the van programme and ensure their active involvement

This proved successful as the sales have shown

Result

According to Marico, substantial increase in sales reported from the campaign areas

A study by Marico showed a 25% conversion from loose coconut oil usage to Parachute Pouch Pack, Post Van Campaign

The success of the campaign motivated Marico to repeat the campaign the following year even in towns with 1 lakh + population, with excellent results

Thus marico uses various strategies to to reach out to various groups in their target group. With changing times there is an increasing perception among younger, urban women that heavy vegetable oils smell funny and are sticky to to reach out to these new age women with changing needs parachute has come up with value added products to cater to these specific target groups

Parachute Advanced Coconut Hair Oil

Target Customer it is for the all-aware young Indian woman who is demanding as she knows that there are a slew of other hair care products available to her. She is aware of the benefits of using hair oil and the role it plays in maintaining her hair healthy and well nourished.

Its positioning focuses on the fragrance part of the oil. It is communicated through innovative advertising of 1 hour champi.

Parachute Jasmine

Parachute Jasmine has been designed as a hair oil that gives a consumer the ideal blend of nourishment and sensorial, delivered through a completely non-sticky format and a lingering fragrance. This makes Parachute Jasmine great post-wash oil, which leaves the hair nourished, yet fragrant and free-flowing.

Target Customer

The Parachute Jasmine woman is between 18 – 24 years confident and progressive yet has her roots in traditional values and culture. Though she faces the challenges of the modern world confidently,

she takes the best out of tradition and blends it to suit her modern needs.

Parachute Therapy

Parachute therapy is scientific formulation that on regular usage reduces the hair fall

Target Audience

It is targeted at busy women in urban areas who lead a stressful life and suffer from hair fall

4. Product, Branding, Pricing, Retailing, Distribution and Advertising Strategy:

Parachute Coconut Hair Oil

Parachute is premium edible grade coconut oil, a market leader in its category. It is synonymous with pure coconut oil in the market; Parachute is positioned on the platform of purity. From a loosely available commodity to a path-breaking brand, Parachute pioneered the switch from coconut oil sold in tins to plastic. Parachute is also available in pouch packs, to service the rural sectors, increasing penetration. Over a time, the brand has sought to remain relevant and differentiated from competition through a slew of initiatives in packaging (introduction of the new sleeker Parachute pack) & communication like the “ weight-test” (proving that pure coconut oil is heavier than impure oil). Parachute has thus ensured that it enjoys tremendous equity and trust with every passing generation. The brand has huge loyalty, not only in the urban sections of India but also in the rural sector. The main contributors to Parachute’s success are quality, consistency, innovations in packaging. Some of the examples of innovations for Parachute are:

1. Flip Top Cap for Parachute bottles to enhance the safety and protect the purity of oil.
2. Easy jar of Parachute to facilitate usage especially during winters.

3. Parachute Mini – a bottle shaped small pack being sold at an MRP of Re. 1
4. 20 ml Parachute – a Rs 5 SKU that enables loose oil users to upgrade to Parachute.

These innovations have not only ensured protection of existing franchise; they have propelled further penetration, enabling conversion of loose oil consumers to packaged Parachute coconut oil. It is available in stores across India in four variants – 50 ml, 100 ml, 200 ml and 500 ml packs at Rs 10/-, Rs 20/-, Rs 39/- and Rs 88/- respectively.

Parachute Advanced

Parachute Advanced coconut hair oil from Marico has been made especially keeping in mind the needs of hair. With regular use of Parachute Advanced, hair strength is known to increase by

up to 16%. What's more, when applied pre-wash, Parachute Advanced reduces protein loss up to 28% and restores the health of hair. It contains essential oils of ylang-ylang to give it a rich and deep fragrance, thus penetrating the hair roots better than other hair oils, strengthening the hair from within. It is for the all-aware young Indian woman who is demanding as she knows that there are a slew of other hair care products available to her. She is aware of the benefits of using hair oil and the role it plays in maintaining her hair healthy and well nourished. It is also lighter than other coconut oils, which makes it ideal for the young, appearance conscious consumer. It is available in stores across India in three variants – 80 ml, 170 ml and 300 ml packs at Rs 27/-, Rs 48/- and Rs 80/- respectively.

Parachute Jasmine

Traditional hair oils, while delivering nourishment, left hair feeling sticky and smelly. With the evolution of style and fashion, social sanction for oily “chipku” hair was rapidly on the wane. Research among hair oil users indicated a strong level of dissatisfaction with the odour and stickiness after using traditional hair oils. In order to address this need, Parachute Jasmine has been designed as hair oil that gives a consumer the ideal blend of nourishment and sensorial, delivered through a completely non-sticky format and a lingering fragrance. This makes Parachute Jasmine great post-wash oil, which leaves the hair nourished, yet fragrant and free-flowing. The Parachute Jasmine woman is between 18 – 24 years confident and progressive yet has her roots in traditional values and culture. Though she faces the challenges of the modern world confidently, she takes the best out of tradition and blends it to suit her modern needs.

Parachute After Shower

The need for males to look good has never been more important – They are a reflection of the growing confidence of the country as a whole. More and more males in India are realizing the importance of “great looking hair” & want a product that can be used to “style hair daily”. In India, the youth below the age of 25 years, account for 54% of the entire population and find the usage of hair oils to be “messy” & “outdated”. They want more modern formats. Parachute After shower styling gels & creams offer this new age consumer a range of male grooming products that provide the goodness of coconut proteins without the inconveniences of oil and helps them style their hair the way they want to – products that can be used every day. It has

brought about a refreshing change in the way male grooming products were perceived. It has extended the natural goodness and trust of parachute into the men's hair grooming, by making products having the goodness of natural ingredients that make hair softer by providing nourishment and also help styling as opposed to being perceived to be chemical and damaging to hair. Today, Parachute after Shower styling gels and creams are available in over 2.3 lakh outlets all over the country. This has given a reason for millions of men across the country to go ahead and style on – and create a confident India.

Parachute Therapie

Parachute Therapie Hair Fall Solution is a unique scientific formulation from Marico, developed after 6 years of intensive research, product development and consumer trial. 89% of users have reported significant reduction in hair fall on using Parachute Therapie for 45 days. Enriched with Natural Root Activating Alpha Proteins, Parachute Therapie nourishes and reactivates one's hair follicles, increases blood flow to one's scalp, helping one control hair fall – naturally. Natural root activating alfa proteins are a unique blend of proteins, vitamins, herbs and minerals developed specially to treat hair fall. Parachute Therapie Hair Fall Solution is available in all leading Modern Trade, chemist and General stores/Kirana outlets in the key cities and towns. Parachute Therapie is priced at Rs 190/- for 150 ml.

Marico's Distribution

Marico's distribution width and penetration is acknowledged as one of the best in the industry and is a leverageable strength. Every month, 56 million consumer packs are sold to about 1.8 million households through 1.6

million retail outlets spread across the country. Marico's distribution network covers almost every Indian town with a population of over 20, 000. 1 out of every 10 Indians is a Marico consumer.

Distribution Alliance:

Marico distribution strength has been recognised by Indo Nissin Foods Ltd. through their association with marico for the distribution of Top Ramen products on a national basis.

Rural Sales & Distribution:

Marico's parallel rural sales and distribution network ranks among the top three in the industry and contributes 24% to the company's top line. Their infrastructure comprises 882 direct distributors, 153 super distributors, catering to 2393 small stockists and 4523 van markets. A dedicated team of Territory Sales Executives and Pilot Sales Representatives distribute Marico's as well as alliance brands through this vibrant network.

Sales Capacity:

They have made significant progress in the areas that enhance sales capacity. Quality of our distributors Quality and number of the distributor field force Upgradation in the role of the company's front-line sales force.

Technology (IT) in Sales:

Marico has been making investments in IT to ensure: Supply Chain efficiencies, Availability of the SKU at the right distributor point, at the right time in right quantities, Timely availability and reliability of Sales MIS, which help in taking prudent decisions on a real time basis.

In order to reap maximum benefits from its sales and distribution network, Marico embarked on an internet-enabled application – MI-Net – to establish a network between Marico and its distributors through a web interface. This project is aimed at providing real time information on the status of various business operations between Marico and its distributors. This initiative is expected to provide business benefits in the form of increased penetration by the sales force, reduced communication costs, reduced working capital requirements, etc. The project went live on April 1, 2002 with connectivity to 330 urban distributors, who together account for about 3/4th of Marico's domestic turnover. The business benefits are expected to accrue over a period of time.

Marico's Supply Chain:

Supply Chain:

5. Macro and Micro environment factors affecting Parachute:

Several micro and factors environmental factors also influence the sales and growth of the brand.

Raw Material Availability:

Marico is the largest buyer of the Copra in the country. Copra/Raw coconut oil is the basic ingredient of almost all the Parachute products. Its availability is dependent on good production of coconuts. Production is adversely affected in face of adverse weather conditions. Low production can have high cost for company dependent on it. Parachute has tried to streamline raw material availability by setting up Farm Care Centre and collaborating with Coconut Development Board to help coconut farmers.

Raw Material Cost:

Copra constitutes 41% of the raw material cost. Any rise in the price of the commodity will have a cascading effect. Like the previous year witnessed up to 30% hike in copra prices. This led to some increase in product price and some cost absorption by the company. This affected the sales volume of the company.

Organisation Structure & Systems:

For the growth of any brand the systems play a huge role. Especially for FMCG sector brand which entails lot of backward and forward linkages. Stress at any level will impede the growth of the brand. Parachute has an efficient management to ensure the growth of the brand.

Competitors:

Competitors also influence the brand dynamics like image projection, sales, etc. A strong competitor can actually change the rules of the game. Any change in competitive environment will elicit a response from the brand. This response can be in form of new positioning, new advertising strategy, etc. Marico's success comes from a focused approach to gain leadership position in niche segments, which are unlikely to see too much competition.

Parachute which is trying to be in complete hair care segment faces different competitors for different segment. But core product of coconut oil is market leader and commands 48% of market share. As of now competition is weak and regionally fragmented.

Consumers:

Consumer preference and taste keep changing with time. With brands which are unable to keep up with changing preferences perishing into history. Thus brands need to reinvent themselves with change in consumer profile.

Parachute is well positioned to extract the best of the changes. Consumer affinity to natural products increases the brand's appeal. By launching products such as Parachute Advance, Parachute After Shower, etc brand captures hard to capture the hair application product segment.

Socio-Economic condition:

Changing socio economic conditions also influence any brand. We have witnessed doubling of per capita income from 2000 to 2008. Rural sector has also witnessed growth over the years. Thus possibility of rural market opens up. Also there is shift in consumer preferences from unbranded to branded products.

Parachute deals in section where unbranded coconut oil commands 40% by volume of market share. Thus it is in position to increase its market shares with improvement in the socio-economic conditions of the people. It needs to improve its penetration levels for the same.

Economic Outlook:

The general economic conditions also influence the demand and sales of the brand. Like recession may dip the demand and growth increases the demand. Thus companies have to adopt mitigating strategies. Parachute didn't witness drop in sales thanks to extra for same offer.

Politico-Administrative issues:

Political climate also influences the product being offered under the brand.

Administration with varying environmental and taxation policies does influence the product market. Parachute was negatively affected by increase in excise duty on the on packed Coconut oil packs of upto 200ml. Since Parachute sells mainly in 200 ml and less segment, it led company to react to the new arrangement. Among the options available are to increase 200 ml pack size, etc.

Customer Survey

Total Respondents: 70

Do you use Parachute Coconut hair Oil?

Use Parachute Coconut Hair Oil

45

Don't use Parachute Coconut Hair Oil

23

Conclusions:

1. One-thirds of the sample do not use Parachute Coconut Hair Oil.
2. The non-users of Parachute Coconut hair Oil used: Parachute Advansed, home-made oil, Til Sona, Parachute Jasmine, Hair n Care, Ultra Doux, Cocoraj Cool, Bajaj Almond Drops, Nihar, Shanti Badam Amla, Keo-Karpin, Shalimar, or Vatika.

3. It can be said that the alternatives to Parachute Coconut Hair Oil within Marico are Parachute Advansed, Parachute Jasmine, Hair n Care, Nihar, and Shanti Badam Amla

4. The other oils are mostly that is mostly herbal.

5. Marico must look at including herbal ingredients in Parachute to continue having a stronghold in the hair oil market.

Count

Percentage

Total Male

39

Use

24

61. 54

Don't Use

15

38. 46

Total Female

29

Use

21

72. 41379

Don't Use

8

27. 58621

6. Greater % of females use Parachute Coconut Hair Oil than men.

Product Quality

I'm happy with the quality of the product

Strongly Disagree

2

Somewhat Disagree

2

Neither Agree Nor Disagree

8

Somewhat Agree

24

Strongly Agree

25

Conclusions:

1. Almost 80% of the respondents are happy with the quality of the product, with 50% of them being very happy.

2. 20% of the respondents feel that aren't happy with what Parachute Coconut Hair Oil has to provide for their hair.

Product Quality

I'll definitely recommend Parachute to my friends and relatives

Strongly Disagree

4

Somewhat Disagree

3

Neither Agree not Disagree

14

Somewhat Agree

26

Strongly Agree

12

Conclusions:

1. Only 20% of the population using Parachute Coconut hair oil said that they would recommend the product to friends and relatives.
2. For a product like hair oil, word-of-mouth is of greater importance.
3. Marico should look at making the customer using Parachute Coconut Hair Oil more happy because otherwise, the next generation may easily shift to other brands.

4. The marketers in Marico should make the customer use Parachute

Coconut Hair Oil not just because it is widely available and easy to use, but also because of the goodness of the product.

Product Quality

You are a loyal customer of Parachute

Strongly Disagree

5

Somewhat Disagree

10

Neither Agree nor Disagree

17

Somewhat Agree

16

Strongly Agree

13

Conclusions:

1. It can be seen that people who use Parachute more or less are loyal.
2. But some of them, who use Parachute Coconut Hair Oil, use a combination of different hair oils who give them herbal uses.

Product

Excellent

8

Good

44

OK

9

Bad

0

Conclusions:

1. None of the respondents feel that Parachute Coconut Hair Oil is bad.
2. Over 70% of the respondents felt that the product is good.
3. 15% felt that the product is OK and 13% felt that the product is excellent.
4. Marico should analyse the reasons why the users of the products feel that the product is not excellent. The users are looking at more value for the same amount of money.
5. So, the features that create value needs to be included in the product.

Value for money

Excellent

9

Good

35

OK

18

Bad

1

Conclusions:

1. Over 50% of the respondents said that the amount for Parachute Coconut Hair Oil is rightly set.
2. 14% said the value > money, and 29% said that money > value obtained from the product.
3. Since a good majority agreed with the amount set, Marico should look at including more value with the same amount to gain competitive advantage.

Experience with the product

Excellent

8

Good

41

OK

14

Bad

1

Conclusions:

1. The users of the products were more or less felt that Parachute as a basic product is good.
2. But when comparing it with other brands available in the market, it seems to be losing on smell, packaging, and less-stickyness.

Look of the product**Excellent**

3

Good

24

OK

30

Bad

6

Conclusions:

1. With 50% of the respondents showing an 'OK' attitude towards the packaging, there is huge scope of improvement.

Do you think about the price while buying hair oil?

Price considered?

33

Price not considered?

33

Conclusions:

1. For loyal customers, the price didn't matter. Their buying behavior did as in small, medium, or big bottle.
2. For not-so-loyal or switchers, price mattered and they chose the best among which gave more value for money.

Do you think Parachute has become an essential commodity for your household now?

Essential

31

Not essential

35

Conclusions:

1. Hair oil being an essential commodity, taking 5% as the percentage of population that doesn't use any hair oil at all, non-essential segment becomes significant.

**Do you have difficulty in using Parachute during winter?
(depends on geographical location)**

Yes, I face problem during winter

44

No, I don't face problem during winter

20

Conclusions:

1. Among the customer base that use Parachute Coconut Hair Oil, many reported to have face