

Nature of competition in the consumer cosmetic market marketing essay



**ASSIGN
BUSTER**

With regards to brand popularity and customer experience, Procter and Gamble is considered to be among the most successful brands in the global market. Moreover, Olay, anti-aging skin-care produced by the company is a renowned brand not only in the U. S but the entire global market. By using this brand for the case, the study demonstrates features and market communication approaches that could be utilized by brand marketers in order to gain competitive advantage locally and internationally. The study focuses on brand communication and promotion approaches that have resulted into positive consumer attitude towards the brand in the global market.

Overview of Olay Brand

Olay is a skin care product produced by Procter & Gamble in U. S. The product is one of the leading skin care market brands in the global market, and the leading earner brand for Procter & Gamble. In majority of the markets, including China, US and UK, Olay is the anti-aging market leader despite the competitive market environments. The brand is further extended into other products such as Total effects, Professional, Quench, Regenerist, Olay Vitamins and White Radiance. Olay is used as a moisturizer for those who desire to stay looking young since it is anti-aging cream.

Nature of competition in the consumer cosmetic market

It is important to note that demand for cosmetic brands is on the rise as more people settle for aesthetic beauty and body care. The Olay brand is mainly in the anti-aging market which experiences rising consumer demands as well as competition. The anti-aging product market is heightened by the increasing aging population especially in the developed countries, and the <https://assignbuster.com/nature-of-competition-in-the-consumer-cosmetic-market-marketing-essay/>

increased desire by both the younger and older consumers to maintain youthful appearances. With a growth forecast of 4.3 per cent between 2009 and 2014, the anti-agers market is expected to experience steady global growth. Such a market growth rate is higher than that of any other cosmetics category, and therefore the anti-agers category has attracted more players in the market; both large and smaller companies intensifying fierce competition globally. This implies that the market players have to apt their marketing approaches in order to retain their clients and appeal to more in the market. The graph given below demonstrates the rate of launch of new anti-aging products in the global up to 2009;

Figure 2. 2: Graph showing stronger growth and competition in anti-aging market

Source: Datamonitor's Product Launch Analytics (2010, p. 2)

As given in figure 2. 2, the anti-agers launches almost equaled the launches of overall skin care products in the global market. The sharp rise in anti-agers launches even during 2007-2009 economic recession showed that anti-agers are recession-proof, and that consumers are likely to demand for anti-agers even in harsh economic climate. Moreover, the graph shows rising competition in this category, implying that brand marketers have to think of newer approaches of communicating to their consumers.

Brand communication based on product differentiation and innovation

Being such a competitive market, market players need to ensure that their brands are appealing to the consumers in the market if they are to gain good

<https://assignbuster.com/nature-of-competition-in-the-consumer-cosmetic-market-marketing-essay/>

command of the global anti-aging market. Innovation is therefore high among the industry players, ranging from brand packaging strategies, product promise to ingredient formulation in the products. Olay brand marketers capture the cognitive aspect of their consumers by communicating their innovation and differentiation vividly to their customers. The communication is often done through memorable packaging, and product arrangement in the stores.

A survey conducted by Datamonitor (2010) between 2005 and 2009 revealed that the leading aspect that all the anti-aging products market players hold in the highest esteem is up-scaling. About 17 per cent of the new product launches that took place in the global market between 2005 and 2009 were touted (communicated) as up-scaling. Some other popular claims that resulted in new launches were mainly based on consumer health. The claims included the the communications which justified the products as not harsh to the consumer skins. The pie-chart given below show some of the aspects (features) that characterised the claim of new anti-aging skin care launches in the global market as widely communicated by different brand marketers to the appeal of the consumers.

Source: Datamonitor's Product Launch Analytics (2010, p. 5)

Communication strategies used by Olay to dominate market

Procter & Gamble has made attempts to achieve competitive advantage in the competitive global anti-aging skin care cosmetics market. Apart from being Procter & Gamble's strongest brand, Olay is the leading anti-aging skin care brand in the global market. The most remarkable Olay milestone was in

2003 when the sale of the brand broke the US\$ 1 billion mark, showing the growing strength of the brand in the global market. Brand performance survey which was conducted in the U. S in 2009-2010, and said to be highly representative of the global market showed that Olay brand commands greater chunk of the skin care product market, beating its number two brand by nearly half (Datamonitor, 2010). The table given below shows the 2009-2010 Olay performance in the US market (with the results said to be representative);

Company

Brand

2009-2010 % Market Share

Procter & Gamble

Olay

16. 7

Procter & Gamble

Pond's

8. 4

Procter & Gamble

L ' Oreal Paris

5. 5

Johnson & Johnson

Aveeno

5. 3

Johnson & Johnson

Garnier

5. 1

Johnson & Johnson

Neutrogena

4. 6

Johnson & Johnson

Nivea

4. 5

Johnson & Johnson

Noxzema

4. 0

L ' Oreal

Dove

3. 8

L ' Oreal

Clinique

3. 6

Due to its better market performance as compared to other brands, Procter & Gamble capitalized on the Olay brand strengths and worked on its weaknesses so as to ensure continued market leadership in the global market. First, the company created and actively promoted various sub-brands of Olay, with each sub-brand aligned to a unique tier with the purpose of attracting customers from a larger demographic base. The sub-brands of Olay brand include the following;

Olay Total Effects - this is the cheapest sub-brand of Olay, targeting the low and middle income earners in the global market. The key features of this brand as communicated by the marketers, and that are majorly pronounced in the brand adverts include the following; tone enhancements, line minimization, gentle exfoliation, nourishing moisturisation, subtle lifting, free radical defense and pore refinement. Apart from its appealing packaging (appendix 1 a), these are the brand communication strengths that have kept the brand afloat in the market.

Olay Complete - this is a mid-priced Olay sub-brand with the following product communication features as the focus strengths; it offers sun protection to the skin using UVA/UVB, and Vitamins A, C, D and B5; the brand has moisturizers with the green tea extracts. The brand packaging is <https://assignbuster.com/nature-of-competition-in-the-consumer-cosmetic-market-marketing-essay/>

appealing with the Olay logo clearly marked on the package to arouse consumer memories (Appendix 1 b).

Olay Regenerist - this is another mid-priced Olay sub-brand with the formulation strengths combining the following ingredients as the focus of their brand communication; Pal-KTTKS, pentapeptide and other anti-aging ingredients such as Vitamins B3 and E, allantoin and green tea extracts. The packaging of the sub-brand is similarly appealing with the Olay logo clearly marked on it (appendix 1 c).

Olay Definity - the mid priced product contains glucosamine ingredients with the marketing statement being; 'fight what ages you most'. The packaging demonstrates an appealing product design with the logo clearly visible (appendix 1 d).

Olay Pro-X - this is the latest sub-brand created by the Procter and Gamble Company to capitalize on the brand popularity of Olay. The product is premium priced and brand designed to give the consumers younger look skin through cell turn-over rate boosting. The packaging design is shown in appendix 1 e.

Given that Olay Pro-X is the latest Olay sub-brand in the market, and is the greatest seller for the company, the current study will dwell on some of the communication used for promoting the brand.

Olay Pro-X sub-brand

Pro-X is the latest Olay sub-brand that the Procter & Gamble Company is capitalizing on. The product was first launched in the US market in 2008, and

since been introduced in other major and fast growing markets such as China, Canada and UK. The premium priced skin care products sell at a price range of between US\$ 42 and US\$ 62 depending on the market. The most remarkable differentiating feature of the product is its complex ingredients, containing peptide complex Pal-KT. The ingredients which were developed by Procter & Gamble scientists, and are exclusive to the company enhance a firm skin look of the consumers. As a brand communication and pricing strategy, Olay Pro-X products are retailed in department store brands with the right store ambience to beat its high priced rivals Lancome and Clinique. To combine communication and experiential features, the sub-brand is distributed throughout major drug stores, chain stores, super market channels and discount stores through the world to ensure easy access by the consumers. The presence of Pro-X brand across different market structures despite its premium nature is meant to encourage the growth of Olay brand through competition at different pricing points, positioning the masstige alongside lower and mid priced Olay sub-brands.

In its promotional strategies, Procter & Gamble aimed to satisfy its target market by sensitizing its consumers of the following attributes through effective brand communication;

Cleansers: restorative cream cleanser and exfoliating renewal cleanser

Complete Regimen Protocols: anti-aging starter protocol and the intensive wrinkle protocol

Primary moisturizing solution: hydra firming cream, age repair lotion and wrinkle smoothing cream.

<https://assignbuster.com/nature-of-competition-in-the-consumer-cosmetic-market-marketing-essay/>

Targeted specialized treatments: deep wrinkle treatment, eye restoration complex, intensive firming treatment, skin tightening serum and discoloration fighting concentrate.

By availing all the above components and benefits of Olay Pro-X sub-brand, Procter & Gamble ensured variety for their consumers through one brand. A section of consumers who are loyal to Olay brands confessed that in majority of cases, they get their expectations in the Olay products that they use (). The products from the Pro-X range have similarly received awards from media, showing that the brand is well received by people as reflected on the media. A 2009 America's Healthiest Beauty Buys competition run by Health Magazine selected Pro-X Eye Restoration Complex as the best eye product in the market. In another product competition known as 'Defy Your Age Beauty Award', Pro-X Age Repair Lotion SPF emerged as the best product in the category. Such acknowledgements by media have instrumentally encouraged more consumers to try the Olay brands due to independent verification of the brands as opposed to promotions.

Product marketing strategy for the Olay Pro-X sub-brand

Procter and Gamble Company has worked towards creating a professional brand image for the Pro-X product to appeal to more customers in the global market. As evident on the product packaging (appendix 1e), all the Olay Pro-X products are actively and conspicuously labelled with the word 'professional' so that the brand aim is swiftly known to the customers. The word 'professional' has been used as a strategy not only by Procter & Gamble but several other companies in the global market. The word is intended to convince the clients that the products are better alternatives to <https://assignbuster.com/nature-of-competition-in-the-consumer-cosmetic-market-marketing-essay/>

solve their problems in a superior manner, given that majority of the products labelled ' professional' are premium. Figure 2. 3 given below shows the number of major brands that have used the word professional as strategy to entice customers;

Figure 2. 3: Graph showing use of the word ' professional' as a branding strategy

Source:

To the customers, the perception of the word professional becomes real especially after comparison usage images (outcome before and after the product usage) and consumer testimonies as placed on media.

The higher prices of Olay Pro-X brand (at between US\$ 42 and US\$ 62) acts to validate the premium and professional image of the product in the global market. However, this price is quite significant for most customers to pay for cosmetic products, particularly in the harsh economic climate witnessed during the 2007-2009 economic recession. Being aware of the economic challenge that customers face, Procter & Gamble introduced pricing strategies and promotional activity appeals to the customers who make compromises on their spending and consumer assurance offers. One of such offers which were used in the US market was referred to as rebate and money-back guarantee scheme. In this scheme, the customers could send their purchase receipts to the company for a US\$ 20 refund on products bought at US\$ 50 and above. This would encourage trial buying, and give the customers opportunity to test if the brand information suites the product features and ingredients as had been communicated earlier. The pricing <https://assignbuster.com/nature-of-competition-in-the-consumer-cosmetic-market-marketing-essay/>

strategy was used as a tool against other competitors in the market.

Although Olay competitors retailed at the same or almost similar price, the pricing strategy enabled new customers to try the Olay products and later on be loyal to them. In a nutshell, Procter & Gamble through effective communication strategies ensured that Olay brands are reliant on their customers, and therefore informed the belief that Olay products were worth their prices.

The Olay Pro-X brand promotion has been boosted by infomercial about the brand. Despite the brand sales being strong and on the rise, the company developed about thirty minutes infomercial that informed their customers about the brand values and benefits. Quoted in Women's Wear Daily (2010), Chris Heiert, the brand marketing director justified the Olay infomercial by making the following remarks;

“ Consumers are information seekers and want to understand the science and technology. That led to this idea... which is the best of both worlds. We will be able to reach new consumers... but when she wants to go back and purchase it, she can-in the mass market”. (In Datamonitor, 2010, p. 11).

The infomercial stressed on the science behind the manufacture of the product, interviewing the scientists who developed the product, and presenting some of the clinical tests data on the product. The infomercial similarly displayed shots of Olay consumers before and after use of the product. Due to the longer duration of the infomercial, it was imperatively designed to capture the attention of viewers throughout the duration of play

rather than at the start or end. Overall, the infomercial played a key role in informing

Conclusion and relevance of the case study to the study topic

The anti-aging skin care market upon which Olay brand competes is quite competitive locally and internationally. This warrants effective communications on brand innovation and differentiation as vital strategies for market survival. In order to ensure the relevance of Olay brand Procter & Gamble offered novel aspects of the brand that encouraged its purchase over its substitutes and competitors. Introducing new ingredient that had never been used by competitors (Pal-KT) in its Olay Pro-X products, Procter & Gamble were able to create a unique brand that was more result oriented as opposed its competitors. However, the result was achieved through effective communication that ensured accurate product promotion based on what the consumers were expected to draw from these products.

Secondly, Procter & Gamble Company through Olay brand managed to win consumer trust through media and scientific verification of its products. It is extremely important for brand marketers to gain the support of consumers through loyalty to the brands. The scientific and media verification are particularly gained when the test results conducted before and after the product use are valid as in the brand communication. In the case of Olay Pro-X brand, Procter & Gamble introduced a ' money back guarantee scheme' that would help assure the customers of the workability and reliability of the product. Moreover, brand campaigns, store ambience and brand packaging played a central role in winning consumer trust on this brand. The word '

professional' was used as a branding communication strategy on the product <https://assignbuster.com/nature-of-competition-in-the-consumer-cosmetic-market-marketing-essay/>

packaging and stores so as to assure consumers of the reliability of their products.

Finally, Olay brand popularity was ensured through adverts and promotions. Specifically, the company used infomercials (which is relatively a new approach to brand promotions) to provide strong marketing platform to promote the brands. Infomercials focus on the strengths of the brand being promoted by highlighting the past successes of the brand. Pegged with the brand verification, infomercials importantly build brand loyalty and equity in the market while encouraging new set of customers to try the brand. The strategies given here and others could be used by the local Chinese cosmetics manufacturers to gain dominance in the local industry.

4. METHODOLOGY

Introduction

4.1 Research Philosophy

This current study used the philosophy of applied research. Applied research takes place in environments that are characterized by organizations, systems, cultures, behavior, rules, politics and processes. These components execute simultaneously and change over time. Any effort to analyze an organization or an industry will result in findings showing differences in characteristics, habits and rules across the different constituent components. To develop a clear insight when researching on issues that may affect organizational performance, the situation and the entities (constituent factors) must be comprehended. The uniqueness of a situation must be understood and considered when researching. Constructivism is based upon

the assertion that knowledge on phenomena is best-retrieved from people or entities that are immersed in the research environment (Denzin and Lincoln, 2011). Thus the focus is on the participants and entities that have experience and knowledge on the phenomena being studied.

Constructivism as a post-positivist philosophy is generally opposed to positivism, in terms of the absolute validity of knowledge. Constructivism is based on the tenet that knowledge can be constructed from multiple dimensions. The existence of multiple realities is emphasized in different variations of constructivism's epistemology (Creswell, 2009). The world under constructivism and most research areas are complex and can be analyzed from multiple perspectives that should therefore be considered in creating knowledge. Thus, the approach is best suited in studying aspects that are influenced by a multitude of factors. Constructivism also requires that the researcher should understand the position and potential effects that their views have on the accuracy of their findings (VanderStoep and Johnston, 2009). The choice of constructivism in research philosophy is guided by the nature of the problem being addressed in the study. Different approaches have been adopted in analyzing the effectiveness of marketing communication strategies. In essence, this implies that the area being studied is complex and can be analyzed from different dimensions. Therefore, there is a match between the tenets of constructivism and the nature of the problem being studied.

4. 2 Research Design

Both qualitative and quantitative research designs were used in the study.

The choice of a qualitative research design was guided by the nature of the <https://assignbuster.com/nature-of-competition-in-the-consumer-cosmetic-market-marketing-essay/>

study and the epistemology that has been adopted. Qualitative research designs are generally developed with the aim of creating a deeper understanding of the data. In most cases, qualitative inquiries are not pre-emptive. The nature of the study, the scope and the strategies that will be used in data collection are often determined by the research questions. Additionally, the analytical process under a qualitative research design may influence the direction that is adopted. Though the research design adopted should be in line with the nature of the research questions, some situations have been identified as suited for qualitative studies. A number of these scenarios are evinced in the current study. First, qualitative techniques are suitable in cases where there is little known on the subject area (Bohnsack, Pfaff and Weller, 2009). It is worth noting that even though marketing communication is an area that has been intensely researched; fewer studies have explored how brand marketing communications impacts on consumer attitudes. Majority of the studies are based on consumer behavior change without exploring their attitudes towards the brand. From this perspective, the study appears to be exploratory in nature and therefore a qualitative research design is suitable.

Secondly, a qualitative research design is appropriate in cases where a study seeks to develop an understanding of the participants' experiences. Under the epistemology adopted, understanding the participants' experiences is vital in developing valid and reliable results. Hence, the study attaches great weight to the participants' experiences. Likewise, qualitative research design is suitable in cases where it is difficult to approach the participants due to practical or ethical reasons (Denzin and Lincoln, 2011). The study delves on

issues relating to marketing communication and its impact on consumer attitude; it illustrates how marketing communication would be used to influence consumers positively towards a given brand. These are issues of critical importance to competitive firms and it is therefore expected that getting data for quantitative data analysis may not be easy. Accordingly, the anticipated practical difficulties have also played a role in the adoption of a qualitative research design. Lastly, a qualitative research design has been adopted because it supports the nature of the research questions as much as it is in line with it. A qualitative research design allows for greater flexibility than formal quantitative techniques. This flexibility offers the support needed to collect rich data so as to answer the research questions.

The quantitative part of the study aimed to understand how various brand marketers use marketing communication to influence consumers' attitudes towards their brands. Data collection instruments consisting of semi-structured questionnaires were prepared for quantitative data collection. Unlike the qualitative data collection approaches, data results were presented in numbers and statistical measures (Creswell, 2009). Using quantitative research methods ensured that the measurable effects of marketing communication with respect to consumer attitudes towards the brands in question were achieved.

4. 3 Research Approach

The research approach used has to be in line with the research design and the epistemology adopted. A case study approach was also used in the study. Case study methodologies have been used in different research fields with varying levels of success. Marketing communication research studies <https://assignbuster.com/nature-of-competition-in-the-consumer-cosmetic-market-marketing-essay/>

have adopted this research approach as well. Ideally, a case study is expected to capture the complexities of selected cases. Most researchers concur with the view that selected cases should be contemporary; it is a complex functioning unit and it has to be investigated in its natural context. The method of inquiry used and interest in individual cases have been identified by different researchers as important aspects in selecting and implementing a case study approach.

The case study's methodology is related to other methods in that it allows for the use of different techniques and approaches in analyzing a case from multiple perspectives. Triangulation of approaches and findings from the different approaches is also supported by a case study approach (Bohnsack, Pfaff and Weller, 2009). This is the main reason why the case study approach is often referred to as a meta-method. Proctor & Gamble's Olay was selected as the case for various reasons. First, Proctor & Gamble Company engages in a lot of marketing communications with a view of convincing consumers to buy its products. Additionally, Proctor & Gamble is one of the companies that have global leader brands in terms of cosmetics and pharmaceuticals. This shows that the company is progressive and more likely to embrace marketing communication strategies as a means of changing consumer attitudes towards its brands. Lastly, the researcher could easily access information on marketing strategies of the company as opposed to other first tier rivals in the global market.

The first step in the research approach was selecting a case. The next step involved seeking permission from relevant authorities within the selected organization so as to carry out the study. In seeking permission, the <https://assignbuster.com/nature-of-competition-in-the-consumer-cosmetic-market-marketing-essay/>

researcher informed the relevant authority about the aim of the study and the procedures that will be used. These were measures intended at ensuring informed participation and gaining any support that could be offered by the company. Additionally, the study involved perusing through advertising and marketing communication initiatives by the case organization. The next step involved selecting members of the organization that would be interviewed. The selection was based on availability and knowledge of the marketing communication initiatives implemented by the company and their effects on respective brands that were investigated.

Sample and Population

The definition, selection and sample of the population are important aspects in research. For this study, the participants were mainly drawn from Proctor & Gamble Company. To start with, the researcher collected qualitative data from three employees of the company. The employees, were mainly in the marketing department were selected depending on their ability and knowledge of the marketing communication strategies used by the company to promote its brands. The study thus focused on marketing communication professionals within the case company. Convenience sampling is used due to the multiple practical issues that have to be considered. Furthermore, the potential participants are few and so the use of random sampling approach was considered to be unfeasible.

Secondly, the researcher collected quantitative data from 100 participants who were considered to be consumers of Proctor and Gamble Olay brand.

The consumers were identified from Proctor & Gamble stores and shops

where they agreed and consented to their participation. In seeking for the <https://assignbuster.com/nature-of-competition-in-the-consumer-cosmetic-market-marketing-essay/>

consent of the participants, the researcher requested them to spare about 10 minutes in order to complete the survey questionnaires. The researcher even explained to the participants the importance of the research. The researcher also explained to them that the activity was voluntary and they could only participate if they want to.

Instrumentation

The semi-structured survey questionnaire that was used by the researcher sought information on the participants' background variables, information on marketing communications, and the duration of interaction with Proctor and Gamble Company products. In relation to the interviews, the study focused on the four major areas that are highlighted in the research objectives and questions; the features that firms and brand marketers consider when preparing a marketing communication for a brand; the marketing communication aspects that influence consumer attitudes and buying behaviors towards brands in the market; the impacts of new technology introduction in the marketing communication with regards to consumer behavior and attitudes towards a brand; and, ways of building business network and stronger brand through effective marketing communication. Determination of how the variables were brought out in the research questions were considered as important aspects in the research process. It is worth noting that the study was not limited to short answers. Rather, the participants were required to expound on their views and the researcher looked at the brand marketing communication efforts that the company has in place.

Data Collection

The study involved the collection of two sets of data: data from the interviewees and data collected through administering of the questionnaires. The focus was on active marketing communication efforts rather than past marketing strategies. In collecting the qualitative data, the focus was on collecting information from employees within the case organization that have the knowledge and experience of the effects of brand marketing communications. Semi-structured interviews were used because they allow for the flexibility afforded by unstructured interviews and they also support formal organization required to answer the first research question. The use of semi-structured interviews is thus guided by the requirements brought about by the instrumentation of the variables. Use of semi-structured interviews is both feasible and practical with respect to collecting rich data and time requirements.

After selecting the participants, they were required to identify the days that they would be free to be interviewed. This was a measure aimed at ensuring that the interviewees were comfortable with the selection of the time and place of interview. The interviewees were then individually informed of the day, place and time that the interview will take place. The interviews were conducted via telephone conversation and recorded for transcribing later. Each interview ran for about 30 minutes. The participants were not in any way coerced or influenced into participating in the study. They were informed of the aim of the study and the nature of the questions that would be asked beforehand. Additionally, the interviewees were informed that they were free to ignore some questions for either institutional or personal

reasons. These measures were aimed at ensuring that the interviewees were at ease. Due to the strategic importance of marketing communication to the organization, the questions directed to the interviewees focused on the company stance on the same. This indirect approach of questioning is important since in most cases, it reduces the pressure on the interviewees. Moreover, they generally relayed their experiences in their workplaces (from which they have developed their personal views). As indicated earlier, the researcher approached customers at Proctor and Gamble stores and shops, and asked them to take about 10 minutes in order to complete the quantitative survey questionnaires. The participants did this at their own volition.

Data Analysis

Qualitative data analysis techniques were used to analyze the data while considering the research questions. The two major data analysis techniques used were quasi-statistics and logical analysis. Quasi-statistics is a qualitative data analysis technique that involves counting the number of times something is mentioned. This technique is important in answering the second and third research questions. On the other hand, logical analysis is a qualitative technique that involves generalization of causation and logical reasoning processes. To support the logical reaso