

# Omo detergent in nigeria



**ASSIGN  
BUSTER**

Omo is manufactured and distributed by Unilever Nigeria Plc, which is a subsidiary of the multinational food and vitality company, Unilever whose corporate mission is “ to add vitality to life”. They are manufacturers and suppliers of consumer goods in the foods, home care and personal care divisions. Unilever Nigeria Plc was incorporated on 11th April, 1923 as the Lever Brothers (West Africa) Ltd (OceanicPearl 2009). The company began as a trading organisation founded by Lord Leverhulme in Nigeria and West Africa. It started as a soap manufacturing organisation and has remained over the years to become one of Nigeria’s oldest surviving manufacturing organisations. The company has over the years diversified into the manufacture of foods, personal care products and non-soapy detergents. This was done through mergers and acquisitions, some of which include the acquisition of Lipton Nigeria Ltd in 1985 and Cheesebrough Pond Industries Ltd in 1988 (UnileverNigeria 2010a). In line with the other parts of the multinational group, the company’s name was changed in 2001 to Unilever Nigeria Plc. It was listed on the Nigerian Stock Exchange in 1973 and 49% of its equity are owned by Nigerians at the moment while 51% is held by Unilever Overseas Holdings BV (OceanicPearl 2009).

#### KEY MARKET SEGMENTS AND SIZE OF MARKET

Unilever Nigeria Plc is involved in three main market segments and they are:

##### Foods

The brands of Unilever in this segment are “ Blue Band” margarine, “ Lipton” tea, “ Knorr” and “ Royco” food seasonings. Blue band margarine dominates the margarine market with only few strong competitors. Lipton tea is also the

dominant brand in the Nigerian tea market, with relatively little competition from local manufacturers. However, the Nigerian tea consumption is very small due to the hot climate and the fact that consumers prefer chocolate drinks to tea. Knorr and Royco are different brands of a glutamate-based food seasoning. Although they possess a considerable market share, they have very stiff competition from the “ Maggi” brand of Nestlé Nigeria which is the dominant seasoning brand in the market.

#### Home care

This segment of the fast moving consumer goods market is dominated by multinational companies like Unilever, Procter and Gamble and PZ Cussons although there is competition from other local manufacturers. This dominance is due to the large amount of capital assigned to marketing by the multinationals, which most local manufacturers ignore either due to lack of capital or ignorance. The key Unilever brands in this segment are “ Omo” and “ Key”. Omo comes in a powder form while Key is a green bar soap. The Omo detergent comes in various pack sizes while the bar soap come in two sizes. These products are mainly produced for hand washing although Omo may be used for machine wash.

#### Personal care division

Currently, Nigerian households spend US \$5 billion annually in the personal care category (Tura 2010). It is a very competitive segment of the Nigerian market and boasts a lot of local manufacturers. Investors are drawn into this segment because of the low barriers to entry and exit. Also, government policies favour the establishment of small-scale factories in this segment

with tax incentives granted the organisations. However, multinational organisations such as Unilever and PZ Cussons still control large portion of the segment. Unilever's brands in this segment include " Lux", " Pears" and " Sunsilk". Pears is a petroleum jelly brand while Lux and Sunsilk are brands that cover body and hair care products although Sunsilk is cheaper and was created to cater for the low income segment of the Nigerian society.

### **Size of market**

Because food, home care and personal care are essential to all humans, the market for most of Unilever Nigeria's products including Omo can be seen as the entire population of the country. The household consumer goods segment has been growing steadily due to the increased marketing by companies, stimulated by growing demand. Detergents for hand washing have not been left out. The unsteady power situation in Nigeria favour hand washing rather than machine washing and so most of the washing detergents produced in the country are made for hand-wash applications. With a population of over 140million people and an annual population growth rate of 1.999% according to the 2009 estimates (Indexmundi 2009), Nigeria presents a large market for powder detergents. With an urban population percentage of 48% (2008 census) and 97% of the population below 65years (Indexmundi 2009), the market potentials are huge. The Nigerian population is made up of an upper wealthy class that only constitutes about 10% of the population. The middle and lower class make up the remaining 90% with the lower class having the lion share. The chart below shows the Living Standard Measure (LSM) of the adult population in 2008.

The Living Standard Measure is a wealth proxy calculated based on the ownership of certain goods and degree of urbanization and ranges from 1 (indigent and rural) to 10 (affluent and urban) (Ladipo 2008).

#### PRODUCT DESCRIPTION AND KEY DATA

Omo is a white detergent powder that is used for washing clothes. It is produced specifically for hand washing although it can be used for machine washing as well. Omo is a chemical-based detergent with excellent stain removal properties. It comes in 35 and 50grams sachets and also in 200, 400 and 900grams packs. Because of the relatively low income level of the average Nigerian family, the small product sachets have been favoured over the years. Omo's brand colours are white, blue and red, with the word Omo written in blue and as uppercase characters on the packaging, which carries the brand's colours. Omo is one of the oldest brand names in the household care category in Nigeria. For a long time, Omo was the generic name for non-soap detergents, in most parts of Nigeria. However, increased competition has changed this.

#### MARKETING DATA OF OMO

The turnover for the powder detergents segment and Omo's market share are given in the table below. NGN represents the currency of Nigeria, the Nigerian naira.

The overall sales volume/turnover decrease from 2008 to 2009 was due to fall in demand caused by a high inflation rate. The increase in sales value is as a result of higher product prices rather than an increase in sales volume.

However, though there was a decrease in sales volume of powder detergents in 2009, turnover has increased greatly over figures from the early 90s due to the introduction of the more affordable economy-sized sachets of product and improvements in road network across the country which made rural markets more accessible. The turnover for Omo has experienced a gradual decline over the years as consumers now see it as an old and ineffective product and hence prefer the competition's products.

The volume and value share of Omo also decreased over the year due to the wrong perception of the product by the consumers and very stiff competition in the segment with several players like Eko Resources Ltd., introducing cheaper alternatives into the market.

### **Main competitors**

The ability to constantly innovate and make exciting offers to customers is a very important attribute needed to survive and excel in a competitive market (Jobber 1998) like the Nigerian detergent market. Detergents purchase has a low level of involvement and so consumers are quick to try something they perceive better. There are several products that compete in this market segment, their large numbers being due to the low barriers to entry and exit for this market segment. Of the many brands that exist, the three main competitors of Omo are:

“ So Klin” washing powder

This is a leader in the mass market category of the powder detergents market. It is manufactured by Eko Supreme Resources Ltd., jointly owned by Nigerian and Asian investors and was introduced into the market in 1995.

The manufacturers spotted a gap in the market since prior to this time, Omo and the other detergents did not come in economy packs (products came in packs of at least 200grams) and were beyond the reach of the greater populace. They introduced sachets of 15grams and 30grams to cater for the low income earners. This caused them to take over much of the competitors' market share. Also, on entry, the white colour of the powder strengthened its claim to provide superior cleaning with just small amounts, at a time when the other players including Omo still came as blue powders. After gaining grounds with its economy-sized products, it also ventured into the realm of the existing main players of the industry by introducing products in 200g, 400g and 900g packs to cater for high-end customers. At the end of the 2008 retail year, So Klin emerged second in the powder detergent category mainly the 13 to 35kg segments but still undisputedly remain the first in the sachet (15 and 30grams) segment, which accounts for 50% of the powder detergent business in Nigeria (The Nation 2009).

#### " Ariel" washing powder

This product is manufactured by Procter & Gamble Nigeria, which started operations in Nigeria in 1992. It also comes in the form of a white powder and occupies a sizeable share of the detergent market although it is a sort of premium detergent. It was introduced in comparatively large sized packs and cost on the average more than its other competitors for same-sized products. This greater price premium was perceived by most of the AB and C1 groups (using British social classification as given by White (2000)) as a sign of higher quality and became popular especially among Nigerians who knew of their operations outside the country. Procter & Gamble Nigeria

undertakes aggressive advertising and has over time gradually increased its market share. With the introduction of their economy sized products (15 and 30grams), their customer base increased making them the second major competitor of Omo.

#### “ Elephant” detergent

This detergent is manufactured by PZ Cussons Nigeria, a company that commenced business in Nigeria as a West African merchant. Elephant detergent is the third major competitor of Omo in the detergents category. Prior to the entry of the Procter & Gamble brand Ariel, it was the main competitor of Omo and together with Omo, occupied more than 40% of the detergents category. Elephant detergent over the years has grown into an umbrella brand that has several detergent products under it such as the “ Elephant Gold” and “ Elephant colour”. It started out as a blue detergent packaged in 200g packs but has transformed into a white detergent following the change in the Nigerian consumer preference. On the wake of the “ So Klin revolution”, brands like Omo tried to quickly reposition while Elephant dawdled resulting in a severe loss of market share. It now comes in economy packs although its strongholds lie in the large sized packs (200grams and above).

#### LIFECYCLE OF OMO WASHING POWDER

Omo detergent powder is in its mature phase at the moment. It was introduced over 40 years ago and its early stage was marked with great acceptance as the market had very few players predominantly Elephant detergent. This established the brand and led to a very rapid growth phase

<https://assignbuster.com/omo-detergent-in-nigeria/>

through the 80s and early 90s. By the late 90s, the product entered its mature phase. Its market share has since been fairly constant with slight increases or decreases yearly depending on marketing activities. This is evidenced by the gradual fall in market share (from 17.4 percent in 2008 to 16.3 percent in 2009) as seen in Table 1. Unilever Nigeria constantly undertakes several activities to extend the life of the product. These include repackaging, resizing of packs, introduction of improved formulas and constant advertising.

#### SWOT ANALYSIS FOR OMO DETERGENT

### **Strengths**

### **Weaknesses**

### **Opportunities**

### **Threats**

Strong customer awareness of the brand

Crowded and very competitive market

Government vision 20/20 developmental policies

Entrance of cheaper substitutes like Bonux (by Procter & Gamble Nigeria) and Good Mama detergent (by Eko Supreme Resources Nigeria Ltd.) into the market.

Large skilled marketing force

Price sensitivity of product

Improved road network in rural areas

Re-launch of Ariel Enzymax as Ariel Prozim by Procter & Gamble Nigeria Plc  
(M2weekly 2010)

Access to home company's resources/technology

Small brand product range offering specific advantages to different customer segments

Increasing income of middle class

Difficulty in accessing credit from local banks in the light the restructuring of the banking sector and global financial crisis.

A large number of loyal nationwide distributors

Improved electricity supply reducing production costs.

Fall in local raw materials production

Large local production capacity

Growing population and market

Increase in import duties on imported raw materials

Wide product packaging size range

High inflation rate(12 per cent in December 2009) (FreshPlaza 2010)

Clear brand positioning

Low entry barriers into business

## FUTURE TRENDS IN THE MARKET

Nigerian consumers increasingly want more variety, freedom, quality and want to remove the hassle from washing and save time. With an annual population growth rate of 1.999% from 2009 estimates (Indexmundi 2009), the market for household care products is growing. In 2008, the Fast Moving Consumer Goods sector in Nigeria of which detergents are a large share grew by over 15% to a market size of around 130 billionNGN (£552 million) (TradeInvestNigeria 2009).

Also, with the increase in the income of the middle class and the percentage of the population that constitute this class, the average disposable income per family is increasing at a steady pace. Therefore, over the next few decades, there will be a shift of demand from economy sized goods (15 and 30grams) to family sized goods (200grams and above) as the younger, more educated portion of the population, which form a greater part of the population, with a median age of 19years (Indexmundi 2009) grow older and establish families.

Although infrastructural development (especially power supply) is slow on the average, it is quite faster in urban areas like Lagos, Port Harcourt and Kano. These cities make up a large portion of the entire market. In addition, a larger proportion of married women now take up jobs in the private and public sectors, leaving very little time for activities like hand washing. For these reasons, there is a gradual growth in the market for machine wash powders and this is expected to continue over the next two decades.

<https://assignbuster.com/omo-detergent-in-nigeria/>

Finally, with government rigorously executing various projects and making policies in line with its plan for Nigeria to be among the first 20 economies in the world by the year 2020, a rapid growth in the infrastructural development especially rural roads is opening up the rural market thereby adding to market growth.

#### ADVERTISING PHILOSOPHY

Omo is advertised with a catch phrase “ Dirt is good”, built around the belief that allowing children explore their environments ensures they grow and develop properly. The advertising of Omo is focused on the mother as the target considering she is the main decision maker for the purchase of household care products like detergents. From personal communication with Unilever Nigeria (February 2010), the primary target consumer description is given below.

She is a mother in LSM 5 - 8, aged 23 - 45yrs.

Her children are central to her world and she wants them to develop and explore the world.

Laundry is an important part of her life - she takes great pride in seeing her family looking good and wearing clean clothes.

She cares about great laundry results and her child's development

She lives in the urban and semi-urban parts of the country.

Unilever Nigeria employs the television, posters and radio advertising to market Omo, each media used to a different degree.

<https://assignbuster.com/omo-detergent-in-nigeria/>

## Television

Omo's main advertising is done on television since their target audience always watch television especially in the evenings. The adverts are run during a soap opera and a family breakfast show which run on Thursday (8-10pm) and Saturday mornings (9-10am) respectively weekly. These shows are almost religiously watched by most families and so have a great impact rate for the target audience.

## Posters

These are the other most used media for advertising Omo. Posters are placed on billboards in markets and major roads all over the country. Since the target audience is the woman, and women are the ones who go to markets to do the family shopping, this is a highly effective method. Markets tend to be centralised and most women go shopping at least weekly and so are always exposed to the advert each time they go there. Using posters offers three main advantages for the marketing of this product. Firstly, since power is not constant in the country, posters present an ever visible advert, always present unlike television adverts that will not be seen if there is no power supply during the time when the advert is supposed to run. Secondly, posters also allow the message of the product to be passed to consumers who do not own television sets considering this is the case in certain parts of the country. Thirdly, posters are also made in the major languages of the different states in the country as Nigeria has over 200 indigenous languages. This is a very big advantage of using posters, as it reduces the cost of advertising which would be ridiculously high if TV commercials of the

different languages were to be made. It ensures that the message of the advertising is effectively communicated to the consumers even if they are not very good in English language.

## Radio

Local radio is also employed in the advertisement of Omo. However, it is used to a much lower extent than television and posters. It is mainly employed in the semi-urban and rural areas where most consumers do not watch much television but own radio sets. The adverts are made in either English language, Pidgin English or the major language of the region.

The print media is normally not employed in the advertisement of Omo because very few of the women who are the target audience regularly read the dailies and magazines.

## ADVERTISING PLAN

Current consumer perception of brand

Most consumers

see Omo as an “ old school” (outdated and ineffective) product.

believe detergents powders degrade the colours of clothes.

Advertising objectives

To alter perceptions about Omo.

To reassure customers of product quality.

<https://assignbuster.com/omo-detergent-in-nigeria/>

To raise impulsive brand awareness from 75 percent to 85 percent.

To raise the proportion of consumers describing the brand as effective and value for money to 75 percent.

Selected media: Posters (on billboards because of its high perception-altering potential via repetition).

#### Poster advert description

The poster will carry a picture of a smiling woman (30-35years old) in brightly coloured Nigerian attire (attire will be changed to match the cultural and religious attire of women in different regions so as to cause the consumers in the region to identify with the advert) on a white background, carrying the brand colours (red, blue and white) on the left portion of the picture. Brand colours will be bold on poster to enable easy identification of the brand even before seeing its name. The right side of the poster will contain a picture of a large amount of colourful clean clothing folded in a stack (wide range of bright colours to be chosen to emphasize colour caring and preserving qualities of Omo). The woman in the picture will be holding an Omo 15grams sachet in her right hand next to the stack of folded clothing (to emphasize that a small amount can clean many clothes) while the products in their different sized packs are displayed at the bottom left of the poster (to show the customer the range of choices available). The brand name Omo will be placed in the poster in large print, second in size only to the phrase " Brilliant results always" (to highlight the excellent cleaning and colour-preserving ability of Omo)which will run across the centre of a major part of the poster (but does not overlap the clothes).

<https://assignbuster.com/omo-detergent-in-nigeria/>

Response/what we want them to believe:

Omo has super stain removing ability,

A small amount washes a large quantity of clothes

Omo does not deteriorate colours

Languages to be used in adverts

English, Pidgin English and the three main national languages (Hausa, Yoruba and Igbo).

Where adverts will be displayed

State capital city centres, major markets and roads in the cities and select towns.

Timing

Six months.

Media scheduling

Periodic over six months.

Results expected

Brand to come first in their mind when they think washing

To establish the brand and position it in the market as the best for washing

Criteria by which success will be judged

Change in market share and turnover.

### Budget

A budget of 250millionNGN (£1. 07million) is proposed for this advert. This is justified by the increase in revenue the advert will generate. A 10% increase in revenue (which is 969. 2millionNGN from Table 1) will cover the advert and marketing costs and give a reasonable profit.

### CONCLUSION

Omo's strong brand presence has kept it over the years. However, a selling concept rather than a marketing concept has been employed for Omo over the years resulting in loss of market share. Constant research should be carried out to keep up with changes in consumer needs. With new emphasis on what consumers want from the product, effective marketing and product promotion, a turnaround can be expected.