



Global Scientific JOURNALS

GSJ: Volume 8, Issue 6, June 2020, Online: ISSN 2320-9186
www.globalscientificjournal.com

RESEARCH PAPER

“A content analysis study of P&G’s marketing strategy adopted in India”



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A content analysis study of P&G's marketing strategy adopted in India

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Abstract

The fast moving consumer goods industry is moving forward. Products are changing drastically. FMCG industry is able to beat recession which means these products will always be needed by the consumers. The urban and rural population has a huge potential to FMCG products. One of the leading FMCG companies. Their strategies are based on the fact that the company lays strong emphasis in developing markets like India with the motive of strengthening its core market business, build strong innovations through technology and go for cost reducing and improvement in productivity. P&G makes sure that the products developed by it are available in everywhere in the country. This helps in increasing the customer touch points. They are known for their diverse brand portfolio, consumer centric marketing approach. Distribution is their critical mission. The purpose of this paper is to explore the marketing strategies of P&G. This is a conceptual paper and secondary source of data has been used. The paper reveals the marketing strategies and the problem which company has faced and how they have overcome from it.

Keywords: Marketing Strategies, FMCG, Strengthening Core, Innovation, Technology, Brand Portfolio.

INTRODUCTION

The Procter & Gamble Company (P&G) is an American multinational consumer goods corporation headquartered in Cincinnati, Ohio, founded in 1837 by William Procter and James Gamble. It specializes in a wide range of personal health/consumer health, and personal care and hygiene products; these products are organized into several segments including Beauty, Grooming, Health Care, Fabric & Home Care, and Baby, Feminine, & Family Care. Relationship of P&G with India started in 1964. P&G operates under three entities in India - two listed entities "Procter & Gamble Hygiene and Health Care Limited" and 'Gillette India Limited', as well as one 100% subsidiary of the parent company in the U.S. called 'Procter & Gamble Home Products'. P&G has become a global leader in FMCG sector. In today's changing market scenario and cut throat competition the only way to survive is to change the strategies as per the need of an hour whether it is related to marketing or pricing. The company's purpose, values and principles are the foundation for their unique culture which has helped them in growth, expansion and diversification of the products of the company. Innovation is the cornerstone of their success. Challenge, convention and reinventing the way business performs adapting to the change leads to better win in the marketplace.

They are known for their diverse brand portfolio, consumer centric marketing approach. As we know Indian consumers are price conscious so they have wisely created the marketing and pricing strategies. In order to succeed you need to be different from others. The things which make P&G different from others are their distribution channel, marketing strategy, pricing strategy, innovation, brand loyalty. In FMCG market there are many competitors in the market keeping that in mind P&G has worked on their marketing strategies they have targeted the market from middle class segment to the higher segment in order to increase the sales as well as market shares. In India their biggest competitor in FMCG market is Hindustan Unilever Limited.

Their strategies are based on the fact that they lay strong emphasis in developing markets like India with the motive of strengthening its core market business, build strong innovations

through technology and go on for saving costs while improving productivity. They have created different campaigns like “THANK YOU MOM” and SHIKSHA “PADHEGA INDIA BADHEGA INDIA”.



Source: https://csrbox.org/India_CSR_Project_Gillette-India-Limited-P&G-Shiksha--Build-&-Support-Schools-pan-india_4487

The distribution network which they have is very extensive but it is not enough. They should build up a network which is cost efficient as well. They have made rural reach better through NGO's and local organizations like “National Rural Health Mission” In Rajasthan which was involved in sampling of sanitary napkins. This sampling technique helped them in converting their sampling into sales by increasing the number of touch points by connecting with the rural customers.



Source: <https://destylio.com/blog/wp-content/uploads/2018/06/blog1.jpg>

P&G's products and offerings generally revolve around the urban population due to the higher returns they get from urban population. However, P&G has started laying stress on targeting the rural masses due to the huge potential there in. As a result, the reach of Vicks has already reached a penetration of 40% with it being available in 8 lakh outlets.

REVIEW OF LITERATURE

A literature review is a book composed by somebody to think about the basic purpose of current information including substantive discoveries just as hypothetical and methodological commitments to a specific theme. The outline of literature at the national or a worldwide level is to be investigated with the assistance of research report, articles, books and different materials.

This study adds to writing by concentrating on the localized marketing strategies to capture the undiscovered potential market of India, which is brimming with circumstances. The aim of literature review is to legitimize, method of reasoning of a guaranteeing research study, gives a review of verifiable a viewpoint and to bring to the light the examination patterns and issues.

Mehrabi Javad Narsiri Ruhollah and Mani Mansuri (2014) conducted a research on the titled “Investigate and Priority of (4P) Factors on costumer decision for marketing strategy”. The article was published in journal of current research in science. The objective of the study was to find the effect pf elements of marketing mix strategy on the purchase decision of consumer. Brown Bruce and Anthony Scott (2011) conducted a research on the topic “How P&G Tripled Its Innovation Success Rate” the article was published by Robert Tucker. The main objective of this article was to discuss how P&G tripled its innovation success rate. The data was collected through secondary source of data. Innovation has long been the backbone of P&G’s growth. From the history that while promotions may win quarters, innovation wins decades. The study concluded that although individual creativity can be unpredictable and uncontrollable, collective creativity can be managed. Although the next Tide or Crest innovation might stumble the factory’s methodical approach will bring many innovations to market. The research concludes that the factory process can create sustainable sources of revenue growth—no matter how big a company becomes.

G. Robert, Cooper and Mills Mike (2005) conducted a research on the topic “succeeding at new product development the P&G way: a key element is using the “innovation diamond””. The article was published by stage gate international. This is

a conceptual research. In this article the author explores the drivers of new product performance with a particular focus on P&G's best practises. The "innovation diamond" is used as an integrative and guiding framework to help management focus on what's important to success. The innovation strategy is a solid idea to launch process, portfolio management, at the right climate and under right leadership. The article concluded that the real challenge is making the innovation diamond and it drives work in the business and here is where P&G the product innovation is embedded in the company's very nature and fabric. They also concluded that by saying they will provide the product with almost quality and value to improve the lives of the world's customer.

CLARIFY THE PROBLEM

P&G's products and offerings generally revolve around the urban population due to the higher returns they get from urban population. The marketing strategies adopted by P&G in India is targeting higher, middle class segment. But in order to increase the market share they need to target the lower segment as well. They make sure that their products are available to every nook and corner of the country. Their mantra is that the "consumer is boss" and company executives have been pushed to spend time observing and interacting with consumers as a route to innovation.

There are some strategic mistakes made by the company in India and these are mentioned below:

- P&G attacked in categories like bar soaps and laundry where Unilever and local brands like Nirma and Godrej were strong. They had already captured the market share which makes it difficult for the company to sustain.
- Pushing global brands in a one-size-fits-all strategy which doesn't work in India because here most of the consumers shop locally and live locally.
- Companies need to tailor or customize products that cater to those specific needs.

But now the things have been changed as the company has realized where the gap is. They have learned how and what is the right packaging that wins with the consumer. They have done a lot of work to understand what is the right way in which they can support the kirana store owners to try to grow their business to increase the availability of the products to lower segment also.

- There is a gradual shift in its positioning too — from higher margin urban-centric products to low-priced ones.
- For instance, it launched Gillette Guard, it is the lowest cost razor designed for India a few years ago, which is now the largest selling variant in the country and is being used by more than 65 million men.
- It has launched Whisper napkin — at ₹ 25 — it is the lowest price till date.
- Distribution is a critical mission for the company, especially for lower urban and rural market segment but the company is working on this mission and hopefully in future this will increase the sales as well as market share of the company.

RESEARCH METHODOLOGY

The type of research which have been used here is Secondary Research. The information has been procured from IBEF (INDIAN BRAND EQUITY FOUNDATION) Secondary research method involves using already existing data. Existing data is summarized and collated to increase the overall effectiveness of research.

Secondary research includes research material published in research reports and similar documents. These documents can be made available by public libraries, websites, data obtained from already filled in surveys etc.

Secondary research is much more cost-effective than primary research, as it makes use of already existing data, unlike primary research where data is collected first hand by organizations or businesses or they can employ a third party to collect data on their behalf.

Sources of Secondary Research:

- Data available on the internet
- Educational Institutions
- Public libraries
- Commercial information sources

Objectives of the research is:

- This research is aimed at exploring the marketing strategies adopted by P&G in India and the problems which are faced by the company.
- How they have overcome the problems and what they have learned from failures.
- What type of strategy are they going to implement in the future.
- How they have targeted the market segment for the increase in sales as well as market share.
- What type of strategy are they using to increase the customer reach of the company whether the strategy is cost efficient or not.




Limitations:

- 1) Imitable nature of products makes it easier for other companies to copy the product which will lead to decline in market share.
- 2) The company needs to increase their online presence.
- 3) Limited degree of diversification as company is primarily operating in the consumer goods industry.

ANALYSIS:


Pushing for Growth


P&G HAS THREE SUBSIDIARIES

-  Procter & Gamble Health & Hygiene markets feminine hygiene brand Whisper and Vicks anti-cold balm
-  Gillette India makes razors and other shaving products
-  P&G Home Products is best known for manufacturing Ariel and Tide detergents


REACH 7 million outlets


P&G CONTROLS OVER HALF THE DIAPER, SANITARY NAPKIN AND SHAVING RAZOR MARKET

- Over **25%** share in shampoo
- About **20%** in laundry care
-  **Head & Shoulders is now the largest shampoo brand in the country**

 **P&G Home Products, that had seen consecutive losses since 2014, delivered triple-digit profit last year with over 15% sales growth**


India ranks among the top 3 contributors of top executives within P&G, globally

 Co has about 250 Indian expats across the globe which is second to the US

 **Our primary focus is growing with the sustainable top line and bottom line results, with a combination of growing categories faster and increasing market share**

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MADHUSUDAN GOPALAN
CEO, P&G India



Source: <https://economictimes.indiatimes.com/industry/cons-products/fmcc/pg-india-finds-a-winning-formula/articleshow/68589317.cms?from=mdr>

It has been analysed that Procter and Gamble is one of the biggest and successful company in the consumer goods industry. They are one of the smart marketers in the FMCG sector. P&G had 300 brands up to 2014 but they made a smart move of pruning several brands and held only 65 solid brands by the end of 2014. As only these 65 brands were contributing to 95% of the profit. Economies of scale is one of their major advantage as it shares resources such as warehouses, accounts,

factories and many more. As a result, if operation rises, the economies of scale also increases.

There is a famous saying that hard work is the key to success but P&G has modified this by adding Innovation or R&D to it. That's why P&G has a good bottom-line. The company offers wide range of products and all of their products are innovative in nature. They have understood the buying behaviour of Indian consumer's and they have pulled out all the stops.

There is so much demand for the product by themselves, that if they are not present in the market, then there is a chance for other competitors to take over the market. They use pull marketing effectively as we can see its effects in Tide, Ariel or Olay. Furthermore, the integrated marketing communication of the company is an excellent way to communicate with their audience or consumers.

There are many competitors of P&G but there is one company about which the company needs to worry i.e., HUL the biggest competitor of P&G.

In today's era, Government is supporting local brands and their campaign like "Make in India" which is related to manufacturing in India to promote domestic players in the market. P&G is investing heavily in innovation, R&D and distribution in order to meet the expectation of consumers and serve them with better quality products at affordable prices.

P&G's approach has been about achieving 'balanced growth' in terms of the top line and bottom line. This outlook has seen P&G stay a smaller unit compared to its rival in Indian Market, a key market, with plans to grow its presence in existing categories like female care, baby care, health care and male grooming, which it says are quite under-penetrated in the country.

The company is the leader in the feminine care with their product whisper which is quite affordable, baby care with pampers, health care with Vicks and male grooming with Gillette.

P&G competes head-on with its competitors especially Unilever.

SEGMENT	HINDUSTAN UNILEVER (PRODUCTS)	P&G (PRODUCTS)
FABRIC CARE	SURF EXCEL/RIN	TIDE/ARIEL
HAIR CARE	SUN-SILK	PANTENE
ORAL CARE	PEPSODENT	ORAL-B

The table shows the list of few products of their competitor in different segments.

Here, we have taken the products of Hindustan Unilever in different segments like fabric care, hair care and oral care.

P&G India, which includes two listed arms and one unlisted company, contributes 2.2% to the global parent's top line of nearly Rs 5 trillion.

P&G's largest market is in North America including the US, Canada and Puerto Rico, contributing 45% to top line, according to the reports. For India the company has made strategic choices like they are focusing more on superiority, productivity and strengthening its overall organisation.

The company is making deliberate interventions that is focusing on the best-in-class products, packaging, brand communication, retail execution and value in order to serve their customers better.

FINDINGS:

P&G lays a strong emphasis in developing markets like India with the motive of strengthening its core market business, build strong innovations through technology, R&D and to minimize the cost and increase in productivity. At P&G brand management is treated like a scientific discipline.

- The company's intent was to seed the brand in the mind of the consumer and to communicate the brand.
- They targeted the emotional sentiments of Indian consumers like they would target pregnant mothers at their certain stage of maternity with diapers advertisement.
- The company is spending 30%-35% of its sales in advertisement and promotion which is comparatively highest in the market.
- The company is investing heavily in innovation, R&D and distribution
- The products and offerings of P&G used to revolve around urban population due to the higher returns they get from urban population. But now P&G has started laying stress on targeting the rural population.
- Vicks has reached a penetration of 40% and it is available in 8 lakh outlets.
- P&G has worked on its pricing strategy. An example in this respect is the low-cost variants of Gillette and Tide.
- The company is expanding their product categories as they have 38 global popular brands but only 12 are present in India.

CONCLUSION:

Procter & Gamble is giant FMCG player not just in India but globally. They have experience significant challenges as a company over the past two decades that have led the company to revise their business strategy and model to better serve their customers.

P&G believes in a growth strategy in which it is able to touch the lives of as many consumers as possible in more and more parts of the world. The company is going the extra mile and it has some grave challenges to make the suggestive measures for future growth plans.

Growth in the rural markets has been very good for all the FMCG companies that's why every company is turning their focus towards the rural sector. P&G has made rural reach better through NGOs and local organizations.

The strategies followed by Procter & Gamble are forward and are such that they take into account the upcoming trends and the products that will help the consumers to get value and benefits in upcoming years.

The company focuses on increasing productivity, innovation through collaboration with external partners, and developing a strong understanding of consumer needs. Furthermore, the "connect and develop" strategy supports the company's Purpose, Values and Principles in a way that delivers competitive advantage to the firm.

Figure 8. P&G's Efforts to Build Citizenship



Source: <https://ml8x4pw5udtq.i.optimole.com/RdSNU0dQIWS2M/w:1374/h:750/q:auto/https://coresight.com/wp-content/uploads/2018/11/p-and-gs-efforts-to-build-citizenship-1.jpg>

RECOMMENDATIONS:

- Develop competitive advantage through innovation and technology
- Expand e-commerce operations to exploit online market growth
- Focus on a low pricing strategy
- Diversify by entering into new industries to minimize market-based risk exposure
- Further improve product quality
- Expand product categories
- Creating more such campaigns to make consumers aware about the product in the market.
- P&G could enter into new market segment by creating entirely new product line.

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