

Research on Product Marketing of Procter & Gamble

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Abstract: Despite the huge impact of covid-19 on the world, fierce market competition has always existed. This paper mainly analyzes the current situation of P&G and the differentiation strategy and knowledge marketing used by P&G for products through swot analysis and porter's five force analysis. The result of this study is that Procter & Gamble promotes products through a combination of differentiation strategy and knowledge marketing. This paper provides certain guidance for the same type of fast-moving consumer goods enterprises in the case of fierce market competition.

Keywords: P&G, SWOT analysis, porter's five force analysis, differentiation strategy, knowledge marketing

1. Introduction

Procter & Gamble was established in 1837. It mainly produces products for daily necessities that people need. Procter & Gamble started with only candles and soaps. With the continuous expansion and development of the company, Procter & Gamble now has a very diversified product portfolio. Among them, more than 65 brands under 10 different categories operate under the name of P&G. Due to the impact of Covid-19, the economic development of many countries has stagnated between 2019 and 2021, and the economic development of some countries has even begun to decline gradually. According to the bar chart "INDUSTRIES GROWTH BETWEEN FEB 2019 AND MAR 2020", The FMCG industry is one of the few industries that has been able to grow during the crisis [1]. The fast-growing consumer goods industry is currently developing at an exceptionally rapid pace as consumer preferences and lifestyles are always changing. And the fast-moving consumer goods (FMCG) industry is a highly competitive and fast-paced industry, in both developed and developing countries, almost everyone buys some type of FMCG every day. In the fast-moving consumer goods industry, it is not only necessary to keep up with technological changes, but also packaging and product updates. In addition, the FMCG industry is also facing certain challenges, as new products will continue to emerge in the market and some companies will choose to open up new areas, and consumers themselves are also changing, because consumers can now Receive a large amount of information through various channels, and there are many product categories in the market. At this time, consumers have a huge power.

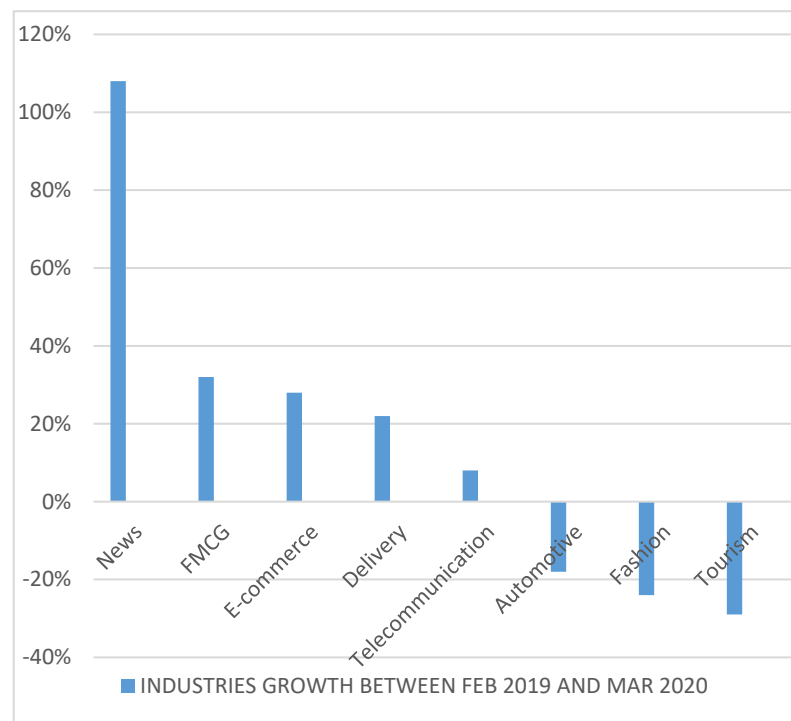


Figure 1: Industries growth between Feb 2019 and Mar 2020 [1].

2. SWOT Analysis

Next, this paper uses the SWOT analysis method to analyze the situation of Procter & Gamble.

2.1. Strengths of P&G

The first is that Procter & Gamble's strength is that it has a large market share, with companies set up all over the world and products distributed in major countries. Procter & Gamble also has a large number of experienced labor force, and Procter & Gamble's products have a certain reputation in the market, so the customer loyalty of Procter & Gamble's products is very high.

2.2. Weaknesses of P&G

In terms of weakness, there is a problem that Procter & Gamble has been paying attention to, because Procter & Gamble has a wide range of fields and its products are daily consumer goods, so there will be counterfeit products in the market, and these counterfeit products are based on Procter & Gamble. To a certain extent, this has affected the brand image of P&G in the hearts of some consumers. In addition, the update and iteration speed of products in the FMCG market is constantly improving. Therefore, P&G products are facing challenges in terms of innovation.

2.3. Opportunities of P&G

In terms of opportunities, because the market segments involved in P&G are already very extensive, but currently the main market of P&G is still in cities, P&G can expand its market scope to rural areas, and at the same time further penetrate the urban market [3].

2.4. Threats Faced by P&G

P&G can also expand the company's scale through mergers and acquisitions. Because of the current fierce market competition, P&G is also facing threats. Due to the impact of covid-19, the global economy has been affected to varying degrees, and the operations of Procter & Gamble have also been affected to a certain extent. On the other hand, Procter & Gamble needs to expand the market scale, because when a company enters a new country or a new market, it will inevitably suffer from threats from local companies and brands. In addition, the entry of the fast-moving consumer market The threshold is not high, so despite the fierce market competition environment, there are many new competitors.

3. Porter's Five Forces Analysis

By analyzing Porter's five forces model, it can be found out if the company still has commercial potential and what adjustments the company should be making right now [4].

3.1. Threat of New Entrants

In terms of threat of new entrants, it can be seen that through the “STATISTA” that in 2021, P&G's global sales will reach 70.3 billion US dollars, and its five brands will rank among the top 15 global personal care brands, leading Gillette. It's brand value is about 15.1 billion US dollars [5]. According to the above data, it can be known that the new competitors entering the FMCG market pose little threat to Procter & Gamble.

3.2. The Threat of Substitutes

In addition, Procter & Gamble has a lot of products and brands, and the prices of its different brands are also different, and Procter & Gamble pays great attention to the uniqueness of products. However, there are many similar products in the market, and consumers will be based on their unique products. Packaging and product efficacy to choose.

3.3. The Bargaining Power of Buyers

In terms of the bargaining power of consumers, the bargaining power of consumers is low because P&G occupies a major leadership position in some market segments due to high customer loyalty and strong brand influence. Given the characteristics of rapidly moving consumer goods, they are highly dependent on frequent and large purchases by consumers, making it difficult to distinguish products.

3.4. The Bargaining Power of Suppliers

The bargaining power of suppliers is also low, because P&G has a large scale and a rich product line, for P&G, the switching cost of replacing suppliers is low, and there are many suppliers who want to cooperate with P&G, because in this way suppliers can obtain Stable funding supply.

3.5. Rivalry Among Competitors

Growth in the FMCG market has declined for four consecutive quarters in value and volume since 2018, as consumers switch to cheaper grocery brands [6]. Because there are many companies in the consumer goods industry, Procter & Gamble needs to strengthen itself to compete with many companies to ensure its success. Although Procter & Gamble is a leader in some areas, it also has many competitors. For example, Unilever has many similar brands and products, including toothpaste, laundry detergent and other products. In the FCMM industry, there are many types of enterprises and

the market competitiveness is high, therefore, the threat of competitors is high. P&G focuses not only on product upgrades and innovations and packaging, but also on advertising and marketing.

In summary, the competition among competitors is strong, the barriers to entry are high, but there are opportunities, the competition from substitutes is weak, the bargaining power of suppliers is getting lower and lower, and the bargaining power of buyers is strong. This shows that the consumer goods industry is competitive.

4. Differentiation Strategy

4.1. The Concept of Differentiation Strategy

The differentiation strategy is to try to make the superior product technology, product service capability, and even the business philosophy, management methods and technical services created by the company to be superior to other competitors' corporate strategies, which can help the company to establish itself in China's entire value chain industry [7]. Unique enterprise management characteristics, so as to obtain a more favorable market position in the wave of market competition. The core concept of differentiated marketing is to precisely locate and refine the target market, put the brand on the market, and establish its own image among the consumer groups. The key to differentiated marketing is to conduct a comprehensive analysis of the market, actively search for blank spots in the market, and based on in-depth exploration of consumers' individual needs, so as to continuously enrich product functions and values to meet consumer needs. the needs of different consumers. The rapid development of the market economy has continuously expanded the scale of market entities, and the market demand of consumers has gradually shown a trend of diversification. The requirements are also completely different. Differentiated marketing strategy can formulate a detailed marketing plan according to the needs of the target market, and meet the increasingly diverse needs of consumers through different brands and different product positioning. Because P&G has a large number of brands, there is competition among multiple brands of one product [8]. Therefore, P&G needs to highlight the characteristics of each brand on the basis of the same product through differentiated marketing strategies, and maximize its advantages, such as through product efficacy, packaging, etc [9].

4.2. Differentiation Strategy with P&G

In Procter & Gamble's 2020 annual report [12], based on what's currently happening in the market, P&G is adding a consumer-based adaptation of its virtual consumer research - since early February, P&G has conducted a virtual tour of more than 250,000 Consumers conduct customized research, as by sensing and understanding changing consumer needs, P&G has also improved network provisioning capabilities to support consumption surges, thereby serving consumers longer. In addition to this, they maximize the utilization of raw materials through the use of data platforms and increased machine learning skills in order to better understand consumers and increase the availability of raw materials. P&G has also pioneered innovative new ways to communicate with consumers with smaller teams, accelerated digital capabilities and learning to enable faster business decisions and results. At present, P&G mainly wants to highlight its superiority in terms of products, so that consumers can quickly identify P&G products among many fast-moving consumer goods, and highlight the differences between the company's products and other products.

4.3. Knowledge Marketing

Procter & Gamble not only uses differentiated marketing strategies in product marketing, the company combines it with knowledge marketing strategies to promote products. Knowledge

marketing means that enterprises inject knowledge content in the marketing process to help consumers increase commodity knowledge and improve consumer quality, so as to achieve the purpose of selling commodities and opening up markets. Procter & Gamble applies these strategies to advertising. Procter & Gamble is one of the largest advertising consumers in the world. According to data, in the U.S. market, in 2019 alone, Procter & Gamble spent \$117 million on the promotion of the Crest brand. With the development of the times, people are more and more reluctant to watch advertisements. More than 70% of millennial and Generation Z have not watched the complete advertisements. Procter & Gamble has also paid a lot of attention to product advertisements. In Li Yujin's "Procter & Gamble's Marketing and Advertising Strategy", it is proposed that the characteristics of P&G's advertisements are equal to raising problems and solving problems [10]. For example, in Head & Shoulders' advertisements, people realize that dandruff will have a certain impact on people's appearance. It also made people gradually pay attention to the health problems of the scalp, and then through the promotion of Head & Shoulders shampoo, to help people solve the troubles of this problem to people. Procter & Gamble coined the term "soap opera" when it advertised their products to housewives in the 1930s [11].

5. Conclusion

According to the above analysis, Procter & Gamble has adopted a combination of differentiated marketing and knowledge marketing to help the company achieve production goals when it has multiple brands and multiple categories. To improve P&G's competitiveness, it can continue to add value to its products in terms of product differentiation. For example, P&G has upgraded its Crest brand from a toothpaste brand to an oral care brand. In addition, P&G should consider cost priority, because the current market environment has not fully recovered and has certain threats and challenges. For example, economies of scale should be leveraged to increase bargaining power over material suppliers and production plants, which will help reduce overall costs. Procter & Gamble should develop its own direct sales channels in the future, for example, by creating its own application software to reduce the cost of distributors. This paper provides Procter & Gamble with a series of feasible opinions to help the company use a more accurate market strategy for its products, as well as to provide reference for other companies.

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