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MGMT 320

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11/21/2002

Case 2 - Head & Shoulders: Establishing a Mas Consumer Brand

History

Head and Shoulders (H&S) is an international shampoo maker that was established in 1961 by Procter and Gamble (P&G). They started off as a medicinal shampoo that focuses on treating and preventing dandruff. However, over the years, they have constantly re-branded their product from being a medicated shampoo to being a mass consumer product. They also expanded their product range to include gender specific products in order to increase their target market.

HydraZinc, which contains formulas with Zinc carbonate and Pyrithione Zinc (PTZ), is Head & Shoulder's key component in their shampoos that aids in fighting and preventing dandruff effectively. The combination of its older PTZ formula and its later discovered Zinc carbonate yielded the creation of HydraZinc complex which is present in every Head & Shoulders shampoo and conditioner produced. While this 'miraculous' formula is their unique selling point, H&S saw the need to change their image. Through numerous advertising campaigns they "have worked hard to remove the stigma attached to the shampoo being synonymous with solely treating dandruff." This action helped them enlarge the reach of their target market to gain customers that are not suffering from dandruff related issues also. Consumers without dandruff problems can now purchase their products for the hair nourishing properties they offer.

Additionally, Head and Shoulders expanded their product range to include gender specific products. They argued that men and women's scalp are different, therefore they need unique hair treatments rather than having generalized products. Also, that both male and female have different hair-benefit priorities and package-design preferences. The way a product is packaged says a lot about its intended target market, thus it was vital to H&S to remove the 'beauty product' stigma attached to their products in order to lure new male consumers to use their products. The global male grooming industry is predicted to grow rapidly with the opportunity for brands to generate billions of dollars in which H&S will not be left out of.

In 1985, Richardson Hindustan Limited (RHL) became an affiliate of P&G company in order to form Procter and Gamble India. Thereafter, their leading anti-dandruff shampoo Head

& Shoulders was introduced to the Indian hair market in 1997. They grew to become a major player in this market with a net worth of over \$384.23 million.

Strength

Head & Shoulders major strength is in its brilliant marketing strategies both in the global market and in the Indian market. Over the years, endorsement from popular and iconic figures has been a success story for their products. In 2010, Formula One world champion, Jenson Button, was named the brand ambassador for Head & Shoulders. The following year, Michael Phelps--who is a three times Olympian that won the gold medal for the US 14 times in the Olympic Games--became the new global face for H&S brand. He promoted the 'wash in confidence' campaign which encouraged people (especially males) to have self-confidence in their hair grooming routine. Through the introduction of high-profile role models, P&G were able to gain the attention of male consumers by highlighting the importance of improving physical appearance and self-care.

Furthermore, Head & Shoulders were able to attract new female customers by naming actress Alyson Hannigan as their official female brand ambassador. Actresses are often associated with beauty and femininity, therefore lots of females will be more likely to patronize H&S for their beauty/grooming products. This strategy by Head & Shoulders also ensures that their products are not only seen as a dandruff treatment, but also as beauty/grooming products.

Weakness

The brand's weakness is in the budgetary constraints that are a result of recent economic crises. After spending aggressively on advertisement for years, Head & Shoulders decided to cut costs on ads spending. This decision was made by P&G and was announced by the company's CEO, Bob McDonald, in February 2012. The disadvantage of this decision is that it can be damaging to the brand's profitability on the long run. When businesses reduce the amount spent on advertising, consumers might forget about their products or patronize the competitors who have stronger and more dominant marketing messages. Consumers need to be reminded daily that their product is the best and choosing it is simply the wisest decision. Aggressive marketing keeps products in consumers' mind and it gives brands the opportunity to increase their loyal and stable customer base.

Instead of making direct cuts to marketing spendings, Proctor & Gamble decided that they will be using lower-cost digital marketing channels to reach consumers. They realized that website visibility is vital to businesses in today's world of technological dominance. After carefully analyzing how search engines work, Head & Shoulders have made sure that their site

is one of the first results that pops up when people search for anti-dandruff or shampoo related terms. However, using lower-cost digital marketing will cause Head & Shoulders to not generate as many customers as they used to because their reach will be vastly limited. According to research conducted by Adobe, “only 7% of 1,250 respondents found online advertising to be effective in comparison to 26% of respondents who opted for print ads in magazine/ newspapers and a further 18% who found TV commercials to be the most effective.” Unlike online advertising, which is less effective, TV commercial is a more effective option according to majority of consumers’ opinion.

External Environment

In the global market, Head & Shoulders have continued to enjoy success while expanding its market share. With their product being one of the best-known shampoo brands in the world, they sell over 29 million units in a year-which is about 110 bottles sold per minute. While the hair care industry in India continue to grow at a rapid rate, Head & Shoulders decided to introduce itself into that market. After its archrival in the global market Clear by Unilever enjoyed major success in India’s market, H&S was launched in 1997 by Proctor & Gamble India.

Opportunity

With India’s population being the second largest in the world, opportunities for brands to generate revenue and grow is increasing rapidly. It is a huge untapped market in hair care considering its industry have not even reached the point of saturation yet. Although, H&S currently serves over 650 million consumers across the country, they have the potential to grow bigger as the country become more ‘westernized.’ P&G is one of the largest and fastest growing consumer goods companies in India.

Also, by increasing their target markets and dedicating products specifically to these markets, Head & Shoulders is able to create opportunities for itself. Their brand has become one of the most dominant shampoo brands in the male grooming industry. There has been a major increase in the level of male interest in appearance and grooming, thus creating potential opportunities to dominate among that demographic.

Threat

While India’s hair market is experiencing exponential growth, it is highly attractive to new entrants. H&S’ main threats are from its competitors—i.e., existing players (such as Unilever and Marco Limited) and potential new players. In order to compete effectively, Head & Shoulders will have to employ several strategies such as improving/launching new products, reducing prices, and focusing on promotion and marketing.

Apart from facing threats from competitors, the grooming culture among Indians is a threat to Head & Shoulders. With India's population being over 1.2 billion people, 50% of them use ordinary soap to wash their hair and 15% use both soaps and shampoos to wash their hair. This means the amount of active shampoo users is around 35%. However, as much as this is currently a threat to the brand, it is a future opportunity for them because the more westernized India gets, the more people switch from using ordinary soap to shampoos when washing their hairs. There is huge potential for growth in this industry.

Evaluate SWOT analysis

While Head & Shoulders' strength lays in its marketing prowess, its weakness involves P&G decision to alter their marketing strategies. Due to budgetary constraints, the company decided to cut costs on its advertisements—however, this might be an expensive decision because aggressive marketing is needed in order to have brands' products constantly in the mind of consumers. Consumers can forget your brand easily. Furthermore, H&S' opportunity in the ever-growing India hair market contributes to its threats. With a large part of the market segment still untapped, there is a huge opportunity for brands such as Head & Shoulders to grow. However, the large growing market is a beautiful attraction for new players to enter. Thus, creating a larger and fiercer competition in the market.

In the global market for hair, Head & Shoulders is in a strong competitive position with their product being the world's number one selling shampoo. They are experiencing consecutive years of growth while enjoying success year after year, even during an economic crisis. However, in India's hair market, they are in a poor position compared to their rivals. The Indian market was first dominated by Unilever's Clinic All Clear shampoo. In 2010, Marco Limited was the leading company in market share with 18.7% share, Hindustan Unilever Limited had 15.6% share, Darbur India Limited had 12.1% share while every other company (H&S included) combined to have 53.5% share. As seen in a report on Statista's website, in 2019 Marco still dominated India's hair market with 15.4% shares and HUL a close second with 15.1% shares, while P&G's Head and Shoulders had 5.5% shares. They are growing slow and steady, and considering their growth rate they will be in a strong competitive position in the nearest future.

Corporate-level Strategy

As seen in Procter & Gamble's official website, their mission statement is "we will provide branded products and services of superior quality and value that improve the lives of the world's consumers, now and for generations to come." They aim to create a legacy as a top multinational consumer goods company while being known for its positive impacts in the society. Their portfolio of brands span across five main units which are Beauty Unit, Health Care Unit, Grooming Unit, Baby, Feminine & Family Care Unit, and Fabric & Home Care Unit. Each

unit has several brands dedicated to it and they operate independently from one another; while they are all under the corporate umbrella of P&G.

Procter & Gamble are the global leaders in the hair care industry. The brands that operate in their beauty segment include Head & Shoulders, Olay, Pantene, and Wella. As seen in the article (that this case study is on), "P&G's beauty segment made 24% of net sales and 24% of net earnings, with Head & Shoulders stated as one of their billion-dollar brands." Even though P&G's haircare brands have always been classified as 'beauty' products, over the years they have worked steadily to change the image of their hair products by removing the 'beauty product' stigma attached to them. This move by P&G is to widen their product range by increasing their target market to include male consumers. Taking away the 'beauty' stigma from their shampoos will encourage men to purchase them.

Business-Level Strategy

Head & Shoulders' competitive strategy is a focus on combating and preventing dandruff while controlling the growth and spread of *Malassezia globos* fungi. Over the time, they have developed formulas such as Pyrithione Zinc (PTZ) and HydraZinc to help improve their products and provide optimum results in combating dandruff. The development of these formulas differentiated Head & Shoulders from its competitors, especially its rival brand Clear anti-dandruff shampoo by Unilever. However, as years went by, H&S tried to disassociate itself from being strictly a medicinal shampoo. They want to be seen as a shampoo for everyone, regardless of their scalp condition. They worked hard and spent a lot on advertisement in order to eliminate the stigma attached to their product being synonymous with solely treating dandruff. They started to offer wide range of specialized shampoos which are made to suit different hair types such as normal hair, dry hair, oily hair, and dandruff shampoos.

Since its introduction in the Indian hair market in 1997, Heads & Shoulders have employed different business strategies in order to compete against the bigger brands in that market. Following its launch, they dominated the anti-dandruff shampoo industry while using its unique formula to differentiate itself from the rival brands. That was their main selling point! Many customers of rival brands started switching to H&S shampoos, which then triggered them (the rivals) to react immediately. In 2000, Clinic All Clear responded through aggressive campaigning to remind consumers that they are still active. CAC used high profile celebrities such as Bollywood actor, Shah Rukh Khan, to endorse their product. This move by Unilever allowed them to get back in the dominating position of the Indian hair care industry.

Five years later, Head & Shoulders started to fight back after CAC's dominance. They used aggressive campaigns to win back some of the consumers that they had lost to their rivals. First, they extend the range of products that they have to offer. Alongside their anti-dandruff shampoo, they introduced soft hair and dandruff removal shampoos. In that same year (2005),

they named Bollywood actress Preity Zinta as the brand ambassador for H&S shampoos. She helped promote the 'five signs of dandruff' campaign--which is linked with the tweaking of their product. They attracted more customers through the addition of VitaZinc to their unique/popular formula. They believed that this newly formed formula compound will help condition the scalp, it will also fight and remove the five signs of dandruff which will make the consumers' hair beautiful and healthy.

Head & Shoulders' marketing strategy is the same with Clear All Clear's strategy. Both brands have gone head-to-head by using iconic Indian celebrities to market their shampoos. In 2011, Head & Shoulders chose Bollywood actress Kareena Kapoor as its new brand ambassador, while Clear All Clear chose Bipasha Basu as their brand ambassador. It is no surprise that both brands are using this strategy because many females in India adore Bollywood actresses and they aspire to be like them. By using actresses with high profile, the brand is associated with beauty and femininity which will entice female consumers' interest in the product. Furthermore, Head & Shoulders are able to connect with the India population through the collaboration with Indian icons. "The Indian population may not be able to relate to a non-Indian celebrity and may not necessarily be aware of who the ambassador is."

Although, these strategies helped increase P&G's market share. It is still lagging behind its main rivals HUL. Using the same strategy as Unilever is not enough for P&G to compete effectively, so they decided to seek additional strategies. P&G introduced a Social Responsibility program called Shiksha (which translates to Education) which helped over 260,000 underprivileged children to be educated. They discovered that lack of education is a great concern among the Indian population, so they try to tackle this problem as much as they can. Consumers are given the opportunity to tackle the problems within their communities through their brand choice. Many Indian icons have also encouraged consumers to help Shiksha continue and showed support for the program. "I urge you to remember that the next time you walk into a store to shop for something basic like a shampoo, a toothbrush or a detergent - you can help educate a lesser-privileged child by making a simple brand choice".

As much as delivering a good product is satisfactory to consumers, the relationship you have with them will give you an edge over your competitors. The introduction of Shiksha program is a strategy in which P&G used to illuminate a positive image of the company to the consumers. They are attracting more consumers interest by supporting a movement that is of great concern to the nation's population. "Many consumers are likely to buy a brand that is supporting a cause that they are passionate about and is seen to make a positive difference."

Recommendations

One of the recommendations that I will be making to Heads & Shoulders is that they should not cut the cost of their marketing campaigns. Recall that in 2012, P&G's CEO had

announced that they will be reducing external marketing spending after spending heavy in previous years. They had decided that instead of making direct cuts, they would adopt a lower-cost marketing strategy in order to reach consumers. They intend on focusing mainly on the digital space. While I agree that this is a brilliant strategy in the global space, I do not think it is smart for them to operate with this strategy in the Indian market. India is still a developing nation in which a huge portion of its population does not have ease access to the internet. In order for consumers in India to be aware of Head & Shoulders' shampoo, advertisements should be made on televisions, newspapers, magazines, billboards, and other platforms that does not require internet connection.

Head & Shoulders have to employ aggressive campaigns if they want to be at the forefront of the Indian hair market. Clinic All Clear is a well-accepted brand by the Indian population, therefore if any brand wants to compete against it for market share, they have to go over and beyond. For the time being, until Head & Shoulders gain as much market share as Unilever's Clinic All Clear, they should always offer their product for a less price than their rival. In order to make up for the costs, they can reduce the volume of the shampoo, since it is highly likely that the consumers would not notice the difference (especially if the new packaging is similar to the previous packaging). Consumers are more likely to purchase cheaper products.

Moreover, I would recommend that Procter & Gamble should change their name in the Indian market (to reflect an Indian word) because it will help change the image of their brand. Consumers want to purchase products from brands that they believe are being manufactured in their country and they may also want to stay loyal to country specific brands. Although, when Procter & Gamble launched in the Indian market, they adopted the name 'P&G India,' however, that is not enough for them to be able to associate their brand with the Indian population. A clear example of this working in a brand's favor was when Unilever changed their name to reflect Hindustan in their brand. This enticed many Indian consumers to patronize their brand and buy their products. "Customers are more likely to buy from brands that they can relate to."

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