

Marketing Mix in FMCG's leading Companies: Four Ps Analysis

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Abstract: This paper explores the existing relationships between the four selected marketing mix of three leading FMCG companies. It discusses the approach and the positive results of FMCG companies dominating the current marketing paradigm. FMCG companies employ different marketing policies, and customer relationship approaches to increase profitability, customer loyalty, and brand awareness. It also presents advertising and pricing strategies of FMCG companies revealing that FMCG companies spend millions on their annual revenue to reach the broad market, face-off competitors, and change the product line.

Introduction

Fast-moving consumer goods (FMCG) are products that can be quickly sold at a reasonably low cost. Companies that specialize in FMCG incorporate manufacturers of retail products with a considerable short shelf-life. According to (Jaray, 2005), short shelf-life can be as a result of high turnover rate or because of product's rapid deterioration. Presently, FMCG sector is among the largest industries globally. FMCG are commonly referred to as consumer packaged goods (CPG). As (Lancaster & Withey, 2013) notes, consumer goods markets are markets where consumers are purchasing products and services on their own or possibly their family use. In FMCG market, the primary motives for purchase; thus, are personal in nature (KPMG International, 2014). Such consumers can be contrasted with those buyers who purchase mainly for their organizations or companies. Profit margins on FMCG products are generally low for retailers. As a result, retailers attempt to offset this by selling large volumes of FMCG products.

Coca-Cola Company, Nestle, and Unilever are examples of internationally recognized FMCG companies. An

important characteristic of the FMCG companies is price competition among retailers. In order to boost profitability, FMCG companies employ marketing mix strategies. Marketing mix strategies aim to establish products' loyalty and make it possible for the companies to charge higher prices. Mostly, FMCG Company carries out its marketing task by making a market offer (Ramaswamy & Namakumari, 2013). First, the company creates a product that will meet the needs and value of the consumer. Secondly, the company completes auxiliary functions, for example, transportation, warehousing and retaining. Such features allow the product to reach the consumer conveniently. Third, the company communicates, through various promotional activities, the benefits/value of the market offer to the customers. Personal selling, advertisements, and sales promotion are examples of promotional activities employed. Lastly, the company undertakes the price mechanism and perfects the marketing task by arriving at a pleasant task.

The product, place, promotion and pricing represents the primary elements of company's market offer. With these four elements, the FMCG Company sets to

attain its value delivery tasks. A competing offer from fellow competitors is a similar bundle. All activities and programmes, which FMCG marketers designs and perform to deliver value to the FMCG consumers and to win their loyalty, relate to one element or the other components. So, in FMCG sector, the marketing mix can be seen as a combination of the product, the price, the distribution network, and the promotional methods.

Product

A product represents the heart of an FMCG company and acts as a need satisfying entity to an FMCG consumer. According to KPMG's sector report, the FMCG sector consists of several products, with significant categories being food, beverages, personal and home care products. FMCG products are repeatedly the same within these categories, which leads to intense competition among retailers. The Coca-Cola Company has the widest collection in beverage industry consisting of over 3000 products. Coca-Cola has divided its beverages into diet category, fruit drinks, energy drinks, water, fruit juices, tea, and coffee (Plunkett, 2008). Unilever has categorized its products into two leading brands; personal and home care products and food and beverages. Laundry detergents, deodorants, dishwasher, ice cream, syrups, cooking oil, margarine, and Soya-based drinks are Unilever products and fall into the two primary categories. Nestle has four distinct strategic business units (beverages, milk and milk products, prepared foods and cooking aides, and chocolates) which are used to manage different food products. Nescafe is Nestlé's cash cow, and the company has several variants. In

India, Nestle launched Nestea to attract and retain consumers. Nestlé's chocolate segment is a star. Milky bar, Nestle KitKat, and Polo are Nestlé's popular chocolate brands. Aplino, the recently introduced chocolate brands, targets the gifting segment.

Price

Kozami (2002) maintains that pricing is the mainstay of a company's marketing policy. Prices of FMCG products are not particular. The prices keep on changing and are different for different products. Coca-Cola pricing strategy depends on the market and geographical segment. The different brands of Coca-Cola have a different pricing strategy. Pepsi is Coca-Cola's direct competitor; as a result, Coca-Cola's pricing strategy runs parallel with that of its competitors (Anders, 2013). The beverage market is an oligopoly market, which is characterized by several buyers and fewer sellers. Thus, to ensure a mutual balance between the sellers, the sellers sign a cartel contract. Nestlé's pricing depends on the market of its products. Nescafe and Maggi are of good quality; thus, Nestle prices Nescafe and Maggi with higher profits margins (Morschett, Schramm-Klein, & Zentes, 2015). Packaging and consumption-based pricing are Nestlé's strength of pricing. Consumers often make their choices based on their consumption. Thus, Nestle offers competitive pricing for products like Alpino and Polo this is because of tough completion from different companies. Unilever's pricing strategy takes into account the competitor's strategies. Competitive pricing forms the base of

deciding the price for any Unilever's products.

Place

Distribution is an essential function of FMCG products. There are several types of distribution arrangements. One, Coca-Cola is an international brand. Coca-Cola's distribution system follows the FMCG strategy of distribution (Thain & Bradley, 2014). Coca-Cola operates a franchised distribution system. The company adopted the Hub and Spoke model to distribute its products in rural channels. The company is covering its market through direct selling (supplying directly to shops) and indirect selling (selling to wholesalers and agencies). The conventional strategy of Nestle follows two strategies; (a) manufacturing- bulk buyers-consumers and (b) manufacturing-carrying and forwarding agents-distributor-retailers-consumers. Nonetheless, Nestlé's distribution channel is strong and has superior marketing and sales networks that supplement the distribution channel. Unilever plies its services across 100 countries. The company uses a global scale to ensure the delivery of sustainable and profitable growth. Besides, Unilever rolls out innovations across all markets at a faster rate.

Promotion

The policy in FMCG sector is to maintain communication simple and profit-oriented. In order to craft an increased demand in the market by relating with both lifestyle and behaviour, Coca-Cola has adopted different advertising and promotional techniques. The company also uses corporate social responsibility as a

marketing tool to gain emotional advantages in the consumers mind. In 2013, Coca-Cola spent 7.0% of its revenues on advertising (Bailey, 2014). In January 2016, Coca-Cola announced one global creative campaign aimed at uniting all Coke Trademark brands (Moye, 2016). The company continues to use images to bring the Coke brand closer to the consumers. Nescafe Tune is Nestlé's best advertising campaign, which brought Nescafe firmly into the market. Exceptional brand quality and humorous and innovative campaigns of Maggi pushed Nestlé's brand up. In addition, other brands like KitKat centres on *take a break* have done good marketing. The websites of Nestlé's products are innovative since the company often uses TVC's and ATL marketing (Jagpal, 2008). As a brand, Nestle has solid products coupled with high marketing and strong brand recall value. Unilever promotes its product through advertisement by either print media or electronic media. On the other hand, Unilever offers promotional schemes, for example, premium packs and sales. Such promotional schemes are meant to attract additional customers.

Conclusion

From FMCG's perspective, the four Ps have been significant, in some instances, at least for marketers of FMCG product. The FMCG sector represents the world of pure marketing. The sector is the best training ground for learning various forms of marketing disciplines and processes. Advertising is FMCG's widely employed marketing tactic. In addition, marketing mix with its four Ps still serves as an international marketing approach. Different marketing mix elements impact

the sales and brand awareness with differing levels of intensity. The studies made by the three FMCG companies found similarities and concluded that

advertising strategy occupies the focal point to achieving brand effectiveness and awareness.

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