

Strategic marketing: the key to Pampers' long-term success in China

Multinationals such as Procter & Gamble are looking for new strategies to develop markets such as China. International brands such as Pampers have to listen carefully to Chinese consumers in order to understand their cultural needs in order to facilitate an effective management strategy for their product, pricing and promotion. In line with its corporate vision, Procter & Gamble's marketing strategy has been to create a need for Pampers disposable nappies in China.

Procter & Gamble strategy

Procter & Gamble is a multinational with branches in more than 80 countries and 138 000 employees. Its product portfolio covers more than 300 brands including beauty, home care, health care, home health and food and beverage products in more than 160 regions.[1] [\[Take a look at the Procter & Gamble website.\]](#)[2] Procter & Gamble Guangzhou manages more than 20 brands across a number of categories, with three key brands in the tissue and hygiene market. Pampers is a leading brand in the baby category (including disposable nappies and baby wipes) with 43.2 per cent of market share in 2009.[1] Procter & Gamble's strategic vision is to generate profit and income while at the same time improving consumers' lives in new markets around the world. This corporate vision influences the marketing strategy of Procter & Gamble Guangzhou.[1],[2]

Cultural values concerning Chinese nursery practices

Any American parent spends more than two years changing nappies (which they call 'diapers'). In China however, toilet training leaves the indelible images of babies wearing pants with a gigantic hole in the bottom which allows the child to relieve themselves in open areas.[3],[4] It can be said that the split pants are still the norm in rural China and are preferred by Chinese mums, particularly when the weather is hot.[3],[1] Furthermore, split pants appear to be a good way to avoid washing cloth nappies or clogging landfill with disposables.[3] However, disposable nappies are becoming a trend in Chinese cities, as has been proven in Shanghai where 50 per cent of babies wear disposable nappies during the day, and 90 per cent at night.[1] Some parents still swear by split pants because they think that it is more comfortable for the children and it prevents nappy rash.[3] It is interesting to observe how Procter & Gamble has planned its entry into Chinese disposable nappy market with a

strategic focus, and managed to create a market for a product formerly not seen as necessary. [5] [\[Read all about how the market has been changed\]](#). [6]

The adaptation of Pampers in China

Although there is considerable difference between the nappy habits of Western and Chinese consumers, the disposable nappy market in China has huge potential.[3],[4],[1] The market experienced growth of 37.6 per cent between 2004 and 2009 with anticipated growth of 18.8 per cent between 2009 and 2014. This represents USD3 400 million.[1] Moreover, China's post-Olympic baby boom and the relaxation of the one child policy will continue to boost Asia-Pacific sales of nappies.[1],[4] Pampers' entry strategy has focused on the importance of providing nappies with trusted quality.[1] Baby care products, such as nappies, are carefully selected by Chinese consumers, with parents considering hygienic, high-quality materials and comfort to be more important than price.[1], [7] Economy disposable nappies are less likely to be consumed by Chinese parents as they prefer premium disposable nappies for hygiene and convenience.[1] Procter & Gamble's Chinese strategy has been based upon its 1998 experience of introducing a failed cheaper, low-quality version of the US disposable nappy product, which did not fit the needs of China's consumers.[1],[4], [8] Consequently, Procter & Gamble could not offer a standardised product in China, but adapted and improved its disposable nappy quality by increasing absorption capacity to keep the Chinese baby dry for more than 10 hours and be as comfortable as cloth.[4],[8] Procter & Gamble has invested USD2 billion in Research & Development in China[4] with a vision and strategy aimed at improving Chinese consumers' lives by meeting their disposable nappy needs. Procter & Gamble's vision for growth and outstanding performance through closer customer relationships will allow it to add one billion nappy customers by 2015, generating increased income and profit.[4],[8],[2]

The pricing strategy of Pampers in China

Procter & Gamble's pricing strategy in China is influenced by its corporate vision, objectives, customer behaviour, costs and market conditions. First, Procter & Gamble's corporate objectives are offering well-positioned products at low prices, focusing on affordability in developing markets, reducing cost and growing its market share.[2] Procter & Gamble offers a penetration pricing strategy for its disposable

nappies in China. Consumers can purchase nappies for 10 cents in local currency, which is less than half the cost of a Pampers nappy in Australia and the United States.[4] Furthermore, Procter & Gamble's affordable penetration pricing strategy for Chinese consumers remains profitable due to new efficient technology platforms that decrease capital and material costs. In addition, it has moved the manufacturing operations to China in order to eliminate the shipping costs.[4] The average cost of Pampers (15 to 20 cents) appears to be becoming more affordable for many regionally located Chinese.[3] As the purchasing power of people from the countryside increases, they will be encouraged to purchase Pampers nappies.[1] That is why Procter & Gamble have taken a penetration pricing strategy, selling Pampers at affordable prices.[2] Due to costs and competitive market conditions Pampers is facing severe competition from both international and domestic brands such as Arlene and Huggies. Therefore, even if the price of Pampers is affordable, positioning has been built around superior quality to the market average. The Chinese consumer is quality and brand conscious; consequently Procter & Gamble have deliberately positioned Pampers as a premium brand.[1] Furthermore, it can be said that in economically developed cities, for instance Shanghai and Beijing, parents are predisposed to paying more.[1] As a result, Procter & Gamble need to be continuously aware of competitors' pricing policies; otherwise Chinese customers may become more familiar with other well-positioned national brands such as Anerle and Mamy Poko. [1].

Pampers' successful promotional strategy in China: objectives of the campaign

Procter and Gamble's long-term marketing strategy has three objectives: first, to convince all Chinese mums that their babies need a premium nappy of good quality. Furthermore, the second objective is to enhance the image of Pampers and thus the image of Procter & Gamble in China, because the competition is severe in the disposable nappy market and Chinese customers may use other brands such as Anerle and Mamy Poko.[4],[1] Lastly, Procter & Gamble's overall strategy is to generate more profit and income. Therefore, the third objective of this campaign is to increase its market share in China because the Chinese disposable nappy market is an emerging growing market experiencing a boom which represents \$1.4 billion in

future opportunities. [4],[1] [\[Take a look at how Procter & Gamble has cultivated its Chinese customers.\]](#)[6]

Target consumer audience

It is said that marketers face several consumer audiences. In order to develop a suitable marketing strategy, the expectations of the consumer have to be researched.[9] By learning from their failure in 1998[1],[4],[8] and also by visiting Chinese consumers at home and questioning them regarding their nursery habits,[8] Procter & Gamble have identified that the Chinese parent's most important need is the softness of the nappy. Thus, quality was central in this promotional campaign.[4],[8],[1],[7] Furthermore, some of Procter & Gamble's research between 2005 and 2006 has been in collaboration with the Beijing Children's Hospital's Sleep Research Centre. They have stated that babies who wore disposable nappies fell asleep 30 per cent faster and slept an extra 30 minutes every night. Moreover, an added benefit for the child was that the extra sleep generated by the nappy would improve the child's cognitive development.[4],[3]

Media strategy

During the 'Golden Sleep' promotional campaign that Procter & Gamble launched in 2007, it combined innovative advertising and diverse sales promotion using three media.[7],[1],[9] [\[Take a look at the 'Golden Sleep' advertisement\]](#)[10]. Illustrating the diversity of the promotional strategies, there were mass carnivals attended by over 2 500 families and in-store campaigns that were conducted in China's biggest urban locations. In addition, a viral campaign was conducted on the Pampers Chinese website where parents were asked to upload photos of their babies sleeping. This saw 200 000 photos collected in only three months. Procter & Gamble used these photos to create the largest photo mosaic in the world (660 square meters) displaying it at a retail store in Shanghai.[4],[8],[11] In addition, the project was broadcast twice on CCTV news programs, giving the marketing strategy public relations exposure.[4],[11]

The strategic marketing message and campaign approach

The promotional message focused upon key research findings: 'Baby sleeps with 20% Less Disruption' and 'Baby Falls Asleep 30% faster'.[4],[8] This promotional

message was culturally most appropriate for the Chinese parent, who identified with sleep being essential to cognitive development and the idea that improved sleep was generated by the use of disposable nappies.[4],[3]

In other words, this tapped into the concerns of Chinese society, where parents are continuously preoccupied with academic success as a result of the competition inspired by the one child policy.[4],[12],[3] Procter & Gamble has chosen to work in collaboration with Shunya Communications Group in China for its Chinese marketing strategy, instead of Saatchi and Saatchi, its global advertiser of Pampers, because it is evident that this localised advertising agency is more aware of consumer needs in China.[9]

The strategy's effectiveness

Procter and Gamble has built its market strategy for Pampers disposable nappies around a long-term cultural re-education of consumer attitudes towards disposable nappies. The Pampers' China strategy and marketing campaign has been very successful: it has been nominated for Procter & Gamble's Global Golden Case awards, and received a Guinness certificate in recognition of that.[11] In addition, Procter & Gamble has captured more than 30% of the \$1.4 billion nappy market.[4] Lastly, it can be said that this marketing campaign was successful because Procter & Gamble has invested \$69 million in Pampers market entry, compared to its competitor Kimberly-Clark which has only spent only \$12 million on its product Huggies.[4] Thanks to this vision, corporate strategy and enhanced marketing budget, the image of Pampers and thus of Procter & Gamble has been enormously enhanced in the Chinese market.

Questions

1. *Explain how Procter & Gamble has, through the use of corporate vision and strategic marketing, begun to re-educate the Chinese community in relation to the use of their product—Pampers disposable nappies?*
2. *From a marketer's perspective, what is the most important thing for the Chinese consumer when they are buying a disposable nappy for their child?*
3. *What can Procter & Gamble do to improve Pampers disposable nappies for their future consumers?*
4. *Do you think that the choice of the Shunya Communications Group was an appropriate choice by Procter & Gamble to promote Pampers in China, and if so, why?*
5. *What aspects of the Chinese culture could Procter & Gamble have used more to engage its potential consumers when it launched its Pampers marketing strategy? How could this strategy have been improved?*
6. *Define strategic planning. How does strategic planning for Procter & Gamble differ in the Chinese domestic market to the international market?*

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