
NIZORAL shampoo from J & J - A Threat to HLL or not

- A Case Study

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The size of Hair Care market (comprising shampoo, conditioners, styling products and hair sprays) is estimated at more than \$225 million and is hotting up like anything. More than 50 per cent of this market is comprised of Shampoos, International Companies like Unilever through its subsidiary, Hindustan Lever, and Procter and Gamble dominate the shampoo market. Hair Colouring and styling gel market in India is at a nascent stage. Only a few local brands are available like Super Vasmol, Kali Mehandi, Godrej and many foreign brands such as Revlon, L'Oreal, Schwarzkopf and Wella have started practicing into the Indian Market. Between 1994 and 1998, the size of the shampoo market expanded two-and-a-half times, riding on the back of a surge in rural demand. According to NCAER, Shampoo penetration is expected to grow from 314 per thousand households in 1998-99, to 502 per thousand households in 2006-07.

Shampoo market in India is segmented on benefit platforms i.e. Cosmetic (shine, health, strength), Anti – Dandruff, and Herbal categories. HLL was the undisputed leader from the early 90's. The major brands being Clinic Plus - Positioned as family health brand, Clinic All clear -positioned as anti-dandruff, Sunsilk— positioned as conditioner shampoo. P & G has entered in India in 1995, with the world's largest selling brand – Pantene. Beside this, Colgate Palmolive launched Optima also in 1995, Nirma launched Nirma Shampoo which was not successful because it also had a detergent and soap with the same name. In 1997, P & G launched it's internationally acclaimed anti dandruff shampoo Head & Shoulder with Zinc Pyrithine (ZPT). With P&G getting aggressive in the Indian FMCG market, we are now seeing

marketing in practice for shampoo market. Other prominent players in this category are Cavin Care, Emami, Ayur and Dabur Vatika.

Different players have tried various benefits to expand the shampoo market. Fighting the perception that shampoos are essentially glamour products, marketers have tried to add a utility value to shampoos by offering functional benefits. Anti-dandruff shampoos represent this attempt. The Indian Anti Dandruff Shampoo market is expanding at 15 % per year since last several years. By 2006, the sale of anti dandruff shampoo is expected to go up by 12 percent in India. For a market with high potential, the anti dandruff shampoo market in India is now seeing few more entrants.

Globally P&G has been the market leader in the haircare segment. In India it is not able to replicate its marketing success so far. Presently, they have a share of around 30 percent in shampoo market. But in the Anti dandruff segment, P&G's Head & Shoulders is the leader with a market share of 35-36% followed by the brands of HLL. As P&G is concentrating on building the market share and some other players have entered in this category, HLL is feeling the heat. The biggest player among new entrants is Johnsons and Johnsons, who has recently entered in anti-dandruff category with brand 'Nizoral'.

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The Marketing Challenge

Having tasted phenomenal success in this hair care market with various brands of shampoos, HLL is all set to take various promotional and other measures with which it can maintain and increase its market share specially for 'Clinic All Clear' and its variants.

In rural market, HLL has entered with sachet. Its initiatives in growing the shampoo market through low unit price single-use sachets, offering outstanding consumer value, has been extremely successful and has played a vital role in building volumes in the sachet segment. While delivering Outstanding Consumer Value through such initiatives, the company is confident that with scale economies, appropriate sourcing and leveraging its established skills in supply chain efficiencies, it will be able to neutralise significant part of the cost of this initiative over time while fortifying its market position.

To promote and endorse Clinic All Clear brand, HLL has roped in Bipasha and John Abraham. The promotion was followed with a 360 degree brand building exercise with presence in the Web, contest in association with Contests2win.com and events featuring brand ambassadors. HLL has also relaunched a beautiful site for the brand www.clinicalclear.com which was designed to catch the young with lot of games and forums.

HLL has launched a host of Web Promotions on popular Websites which include, Rediff.com, Sify.com, Indya.com, Uthplanet.com, Hungama.com and C2W.com. - Hindustan Lever Ltd. has organised a mobile van promotion called 'Dare to Wear Black Mania' in order to promote Clinic All Clear, its anti-dandruff shampoo.

HLL, (probably for the first time in India) has also involved for co-promotion strategy for its shampoo brand Clinic All Clear with Yamaha bike for a contest. John Abraham is the brand ambassador for both the products. In keeping with the youthful image of both the brands, the promotional campaign "If you have cool 'baal' (hair) and own a cool 'bike', pretty heads are sure to turn" was launched.

For Clinic All Clear Total, HLL is advertising with Shahid Kapoor and Madhavan as brand ambassadors as they capture the values of youth,

freshness, confidence and fun of Clinic All Clear Total.

Entry of Nizoral Brand

Johnson & Johnson is the world's most comprehensive and broadly-based manufacturer of health care products, as well as a provider of related services, for the consumer, pharmaceutical and medical devices and diagnostics markets. Recently, the company, announced that Nizoral A-D, which contains the world's most prescribed dandruff-fighting ingredient, is now available over-the-counter at food, drug and mass merchandising outlets nationwide.

Although HLL and Procter & Gamble are using popular bollywood stars to promote the curative properties of its anti-dandruff product. Johnson & Johnson is focusing on common man appeal and the concern for look and on the confidence after getting rid of dandruff.

In terms of pricing, with increase in Clinic All Clear price, now it is pegged close to Head and Shoulders. The reason for increase in price is to narrow down the price differential between Clinic All Clear and market leader H&S, as HLL anticipates an opportunity to improve its topline & bottomline growth without any threat to its current market share. In comparison, Nizoral has been launched at a comparatively higher price i.e. in 100 ml bottles for Rs 185.

Although, HLL's brand equity in shampoos is quite strong and also it has put its marketing power behind the brand and expects it to deliver. But this time around, the company is acting under pressure to strengthen its leadership position and is concerned about following issues:

- Is Johnson & Johnson a big threat to its shampoo brands? As in the 50 years since its establishment Johnson & Johnson has gained a reputation for delivering high-quality products at competitive prices.
- Will Johnson & Johnson carry higher credibility with buyers being pharma company?
- Do they need to change their communication i.e. rather than focusing on celebrities they should emphasis on functional benefit of product?