Market Share Analysis of Significant and Non-significant Body Soap Brands in Bangladesh

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Abstract

We have analyzed the FMCG companies in Bangladesh and after in-depth study we have found five body soaps of four leading companies are capturing brute market share, and other non-significant brands were taken also taken into account. Data taken for the study were for the period of September-2014 to September-2015.These data were then tabulated and analyzed to see the overall picture of the market shares of body soaps over one year period in Bangladesh. Among top brands, consumers have much more attraction to one or two staple brands.

Keywords: Market Share Analysis, FMCG, Soap, MNC, Attraction Model.

1.1. Introduction

In this era of intense competition, both worldwide and domestic, business firms of all sizes and varieties have become more and more concerned with the market-share figures they achieve in the marketplace. Market shares command the attention of business managers as key indices for measuring the performance of a product or brand in the marketplace. To the extent that market shares are used as market performance indices, it is clearly desirable for the individuals concerned to have a thorough knowledge of the processes which generate market-share figures and to be able to analyze the impact of their own actions on market shares, as well as their profit implications. Lacking such knowledge, one might be tempted to oversimplify the cause-and-effect relationships between shares and marketing variables **(Cooper & Masao)**.

Soap industry in Bangladesh is growing faster day by day. There are several small, medium and big national and international companies which produce different types of body soaps. Leading soap brands have been capturing the lion market share of body soaps in Bangladesh. The study, that type is seldom conducted, aims to know the various insights of the market share of major body soap brands in Bangladesh over the last one year period.

Section one of the study draws attention to the introduction of the study, while section two focuses on Literature Review. The methodology of the study has been conducted in section three. Sections four analyzes the data with detailed explanations. Finally, conclusion, implications, and limitations of the study have been covered in section six.

1.2. Objectives of the Study

General Objectives

To see the market share insights of major body soap brands and other insignificant brands in Bangladesh over a given period.

Key Objectives

1. To find out the linear relationship of the market share of major body soap brands and insignificant brands.
2. Find out dependency of market share based on price large, price small and brand id and the intensity of attraction of different soap brands.

1.3. Scope of the Study

The market for body soaps has been expanding in Bangladesh over the decade and there is a stiff competition among major soap-producing companies to capture the broader market share. The study has been conducted to see various trends concerning market share of body soaps among major brands and insignificant other brands over the period of Septemberb 2014 to September 2015. Since market share data was available for only one year, it has narrowed the scope of the study. To get to the objectives of the study, correlation analysis, regression analysis and Multiplicative Competitive Interaction (MCI) Model" or an "Attraction Model" were performed and then significant outcomes were discussed.

2.0. Literature Review

(Euromonitor, 2000) shows that in 1999 soaps and detergents together represented around 12.4 % of consumer expenditure on household goods in industrialized countries and between 2.6 % to 5 % in the developing world.

For the developed economies this reflects the growing maturity of the market and intense price competition in the marketplace.

The world market for soaps and detergents was worth US$ 88 billion in 2000 Asia, Western Europe, and North America account for about 87% of total industrial soap consumption. Global soap and detergent consumption has grown by 29% in the five years to 2000. The primary engines (drivers) of this sales growth were Western Europe (+31%), Asia (+59%) and Latin America and the Caribbean (+41%). During the same period, the mature North America market expanded by just 14%, while the impact of the economic recession has severely curtailed sales in Australasia and the Pacific Rim during the last couple of years. The Middle East and African regions are believed to have expanded sales by some 72% and 65% respectively during the period, forming a low base **(Global Market for Soaps)**.

The global market for soaps is dominated by a small number of multinational companies which account for half of the market. These companies compete with each other with strong brand identity and big advertising budgets. There is fierce competition among these corporations; nevertheless, products under study represent only a small part of their products range (in most cases, soaps and detergents account for 20% of the group turnover) **(Ferrer, Hidalgo, Kaps, & Kougoulis, 2012)**.

Locally produced toiletries now play a significant role in a sector that has been dominated by imports in the past. Most of the products in this sector are common consumer goods which have a large demand in the domestic market. Imports of cosmetics and toiletries are targeted mostly to the middle and high-end segments of the market. Most of the local customers are quite happy with the domestic products as long as product performance is satisfactory and the price is reasonable. While most of the manufacturers focus primarily on meeting the demands of the local market, some firms have started exporting cosmetics and toiletries products from Bangladesh. International brands play a dominant role in the upper-end market of Bangladesh, where quality ranks above pricing among the factors affecting purchasing decisions. Most local manufacturers are producing lower-priced toiletries and perfumes with their own brands and focus on the middle-to-low price market segments **(Competition Scenerio in Bangladesh, 2005)**.

3.0. Methodology of the Study

Every research study is accomplished by applying relevant methods to get to the objectives of the study. The methods and techniques used in our study are as follows:

- Data Collection
- Data Analysis.

Data Collection: The study has been conducted by primary data.

Primary Data: Primary data are data that are collected for specific research problem at hand, using procedures that fit the research problem best. On every occasion that primary data are collected, new data are added to the existing store of social knowledge **(Hox & Boeije)**.

Data Analysis Methods

3.1. Descriptive Statistics: Mean, median, standard deviation and coefficient of variation were performed to observe the scenarios of price_large, price_small and market share.

3.2. Correlation: Correlation refers to any of a broad class of statistical relationships involving dependence though it most in common usage often refers to the extent to which two variables have a linear relationship with each other.

Correlation coefficient: The strength of a linear relationship is measured by the correlation coefficient.

The sample correlation coefficient is given the symbol "r"

Interpreting r: The sign of the correlation coefficient tells us the direction of the linear relationship

If r is negative (<0) the correlation is negative. The line slopes down.

If r is positive (> 0) the correlation is positive. The line slopes up.

3.3. Regression analysis:

Multiple linear regression model: If there are more than two independent variables then the regression model is Multiple linear regression model **(Gujarati, Porter, & Gunasekar, 2012)**

$Y_i = \beta_1 + \beta_2 X_{2i} + \beta_3 X_{3i} + u_i$

Where,

Y_i is dependent variable

X_{2i}, X_{3i} are independent variable

β_1 is intercepted term

β_2 and $\beta3$ are parameters of X_{2i} and X_{3i} respectively

u_i is error term

3.4. Attraction model:

Multiplicative Competitive Interaction (MCI) Model" or an "Attraction Model" **(Cooper & Masao)** has the following general structure.

	Lux	Lifebuoy	Sandalina	Dettol	Savlon	others
Lux	1	0.7770179	0.1819311	-0.4755228	-0.870976	-0.9707983
Lifebuoy	0.7770179	1	-0.1354072	-0.4070315	-0.7067001	-0.8336306

$$Si = \frac{Ai}{\sum_{j=1}^{m} Aj}$$

$$Aj = \prod_{K=1}^{K} fk(X_{ki})^{\beta_k}$$

$A_i = KY$, k=1, fk(Xki)_k, where:

si = the market share of brand i

Ai = the attraction of brand i

m = the number of brands, fk(Xki) = Xki when there is identity transformation.

fk(Xki) = exp(Xki)), when fk is exponential function

4.0. Results and discussion

4.1. Descriptive Results

	Price_Small	Price_large	Market Share
Mean	24.25	39.1	13.365
Median	25	41	9.3
Standard Deviation	3.0065	5.2016	12.305
Coefficient of Variation	12.39%	13.3%	92.07%

The mean of market share for all brands is 13.365 and median for all brands is 9.3.

From the Standard Deviation, it is seen that small priced brands have more stability than large priced brands. Besides, it is shown from the value of Coefficient of Variation that small-priced brands have more stable performance in the given period than large-priced brands.

4.2. Correlation Analysis: Correlation analysis of Brands taken gives the following scenarios:

There is a moderate positive linear relationship between Lux and Lifebuoy, and the moderate positive linear relationship between Savlon and Others. Savlon and Lux, Lifebuoy and Savlon; others and Lifebuoy have each moderate negative linear relationship. Besides, it is noticeable that Lux and Others have a strong positive linear association.

Sandalina	0.1819311	-0.1354072	1	-0.05816963	-0.2294639	-0.2424799
Dettol	-0.4755228	-0.4070315	-0.05816963	1	0.58077	0.3409666
Savlon	-0.870976	-0.7067001	-0.2294639	0.58077	1	0.8219553
Others	-0.9707983	-0.8336306	-0.2424799	0.3409666	0.8219553	1

4.3. Regression Analysis

Market share= -3.8038 +.0.7294 price_small + 0.699 price_large - 9.2836 Brand_id

Average value of market share is .7294 for per unit change of price small when all other independent variables are fixed and the average value of market share is .699 for per unit change of price large when all other independent variables are fixed.

Multiple R^2=0.9506 means 95.06% of the variability in the market share is explained by the variability in the price_small, price_large, and Brand_id.

4.4. Attraction Model

Attraction for Lux = $(25)^{.7294}*(42.5)^{.699}$
$\qquad$ = 143.8472

Attraction for Lifebuoy = $(18.75)^{.7294}*(29)^{.699}$
$\qquad$ = 89.27777

Attraction for Sandalina = $(24)^{.7294}*(40)^{.699}$
$\qquad$ = 133.8339

Attraction for Dettol = $(27.5)^{.7294}*(41)^{.699}$
$\qquad$ = 150.3783

Attraction for Savlon = $(26)^{.7294}*(43)^{.699}$
$\qquad$ = 149.2368

From attraction model, it is seen that the demand for Dettol brand of Reckitt Benckiser is maximum. Savlon and Lux remain at the second and third position, respectively, in terms of brand attraction.

5.1. Conclusion

Market share analysis for a fast-growing industry like soap is a very significant tool to know how competing brands are performing in the market. The study conducted reveals some insights about major body soap brands and other insignificant brands in Bangladesh. Some brands perform very well, while some brands seem to struggling in the market to increase market share. As this type of study is rarely performed, it can give concerned academicians, researchers, and industries an insight about soap industry of Bangladesh.

5.2. Recommendations

Since small-priced products have more customer demand, companies can invest more on small-priced brands to augment their market share. From the correlation analysis, it can be said that Savlon soap can capture the market share of other soap brands. Thus, ACI of Savlon can invest heavily to drive away soaps of other non-significant brands. It has been seen from the attraction model that attraction to customers for Dettol is very high because its prices suit best. Thus, companies need to emphasize on price suitability of their brands. Competing brands need to decrease variability of largely priced brands to capture lion share of the soap market.

5.3. Limitations of the Study

1. We got data for only one year that has limited the study.
2. A similar type of studies is almost rare. That is why it was not possible to review the literature comprehensively.
3. Variables in the study were very limited.
4. Data were available for only major brands. Non-significant soap brands were grouped as 'other brands' for the convenience of the study.
5. For time constraint, it was not possible to cover each aspect concerning the study.

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