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Rinse, but no need to repeat

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Rinse

but no need
to repeat



Unilever promotes water sustainability through product innovation

By Srinivas K. Reddy

By October 2007, it had become apparent that competition in the laundry products segment in Vietnam was heating up rapidly. Huyen Bui, the senior brand manager for Comfort at Unilever Vietnam, was contemplating how to stay ahead of long-time rival, Procter & Gamble (P&G), in terms of market share. In April 2007, Unilever launched Comfort One Rinse, a fabric conditioner designed to reduce water use in hand-washed laundry by 66 percent. Six months later, P&G responded by launching Downy One Rinse, a nearly identical product.

Comfort One Rinse was an added-value variant marketed as a premium product in the Comfort concentrate range. As the name implies, it reduces the average number of rinse cycles from three to just one. Comfort's brand extension strategy for the laundry care category in Vietnam largely hinged on the successful consumer adoption of One Rinse.

Unilever Vietnam had already invested significant resources into marketing Comfort One Rinse through extensive brand awareness building since the product was launched in April 2007. However, by October, One Rinse was struggling to gain customer traction. "The customers didn't believe that One Rinse would work. Even those who were converted One Rinse users preferred to do two rinses in order to make sure no residue was leftover," said Bui, recalling her experiences with the Comfort team. "One Rinse was an effective product, but it had serious credibility issues at the time. It also required customers to change the way they habitually washed their clothes. And then all of a sudden, Downy came along and launched a challenger product."

It was believed that whoever could secure 50 percent market penetration first would hold significant advantage as an

early market leader. "Looking back, we did some things right. By 2009 we were driving the category with over 60 percent market penetration," said Bui. Indeed, lessons from Vietnam proved crucial to successful launches of One Rinse in other markets.

Unilever Vietnam

Unilever Vietnam began operations in 1995 as a subsidiary of the Anglo-Dutch Unilever Corporation—a leader in fast-moving consumer goods. It carried out manufacturing and distribution operations for attractively priced home and personal care, as well as food products tailored to Vietnamese tastes. Since operations began, Unilever Vietnam had experienced constant double-digit annual revenue growth. Many of its brands had become household names, including the "Surf" line of laundry detergents, a product complemented by the Comfort fabric conditioner range.

Unilever and Procter & Gamble saw a market for more efficient laundry conditioners in Vietnam. The challenge was getting consumers to forego their engrained, but less efficient, habits.

SUSTAINABILITY

Sustainability initiatives were part of Unilever's larger global strategy, which emphasised sustainability at all points along the value chain. Bui explained, "There is a worldwide mega-trend—driven by technological change—of drastically increasing market fragmentation. This is a major challenge. There are different ways of keeping our big brands relevant to different consumers, but we need to keep the overall brand image constant across the products. We want that image and the message of that product to be for a sustainable planet. We think this message will be important and resonate across segments."

Water scarcity is a primary threat to global environmental and socio-economic sustainability, and many of Unilever's products were water-intensive. Bui confirmed, "An assessment of our product portfolio showed that our laundry, skin and hair products accounted for the majority of our water footprint. Water can also have an impact on the affordability of our products. In developing countries, water scarcity means that it is often too costly for consumers to use the product."

The One Rinse innovation was not just a means to meet Unilever's global brand promise, but as Bui pointed out, to fulfil Unilever Vietnam's own slogan: "Make Vietnamese Lives Better".

Unilever emphasised sustainability at all points along the value chain.

The market for laundry products in Vietnam

Laundry detergent powder had reached full saturation in both urban and rural markets in Vietnam by 2001. Future growth would require an added-value product, such as fabric conditioner, to unlock greater market potential. Fabric conditioners provide benefits such as fewer wrinkles, added softness, various fragrances and even greater stain resistance. Unilever market research discovered that fabric conditioners had only penetrated a small portion of the market—26 percent in urban areas and a mere one percent in rural areas—a clear indication that there was much more potential for growth in the laundry care category, particularly in rural areas, which accounted for some 75 percent of the population.

COMPETITION

P&G too had noticed the potential for fabric conditioners and introduced its Downy brand to Vietnam in 2002. Downy was a concentrated fabric conditioner that, in their words, established a "new level of long-lasting freshness". By 2003, P&G had garnered a 35 percent market share in the overall concentrate range, and had put itself in a dominant position to influence consumer choice.

In response, Unilever expanded the Comfort concentrate range to include its own line of long-lasting freshness products. By the end of 2004, Comfort established itself as the leading concentrate brand, and in doing so decreased P&G's market share to 30 percent.

Since 2005, fabric conditioners consistently unlocked more and more market potential in laundry care—driving overall market penetration for concentrates to an annual growth

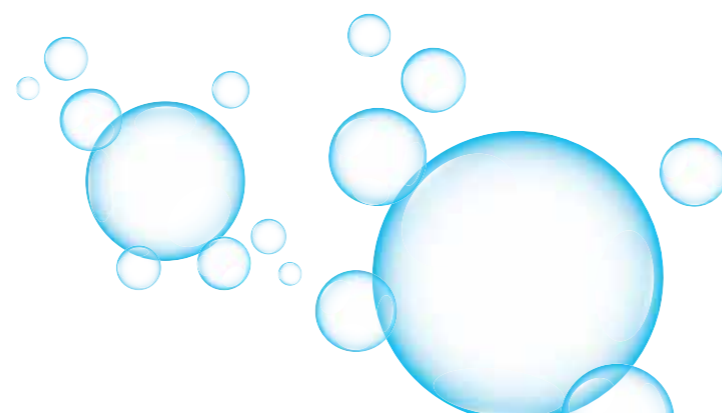
rate of over 20 percent. Moreover, concentrated fabric conditioners were a high consumption category once the market was penetrated. By 2007, concentrated fabric conditioners had penetrated 21 percent of the overall laundry care market. This reflected 80 percent urban penetration, though rural penetration remained at only 38 percent.

Despite this success, Unilever sought to establish product differentiation in order to maintain its newly won lead.

Comfort One Rinse

As of 2007, only 16 percent of Vietnamese households owned washing machines. The majority hand-washed their clothes. Most of them, typically women, used three rinse cycles to remove detergent after washing, according to a 2004 Nielsen Report. But rinsing was time consuming and water intensive. Anyone hand-washing and using three rinse cycles would save an estimated 9,600 litres of water and 89 hours of labour per year by reducing their rinse cycles to one.

Unilever made the decision to focus on driving rural growth while leveraging on its sustainability emphasis in order to further differentiate its concentrate range. In this case, the sustainability focus was on water conservation. There was also emphasis on gender empowerment, given that women were most often responsible for domestic chores and were the ones who would benefit directly by spending less time rinsing their laundry.



With this value proposition in mind, Comfort One Rinse was launched in April 2007. It was intended to meet the rising demand for high quality branded products in Vietnam, while recognising the fact that consumers faced specific socio-economic and environmental conditions, such as water scarcity.

THE PRODUCT

Comfort One Rinse promised "soft and fragrant clothes in just one-rinse". It was packaged in small 24 millilitre-sized sachets and three different bottle sizes and refill pouches between 400 millilitres and 1.8 litres. As an added-value variant, One Rinse was premium priced at 12 to 15 percent above the regular Comfort concentrate.

MARKETING

Between mid-April and June 2007, Unilever Vietnam ran its marketing programme with the objective of building awareness of the 'one-rinse' promise. The company put up a plethora of massive outdoor displays in Vietnam's 15 largest cities, with some of the most visible advertisements in 206 bus shelters around the eight largest metropolitan areas. There were endorsements from dermatology institutes that conducted demonstration tests in shopping malls. Print campaigns were run in all magazines that covered the urban markets, and women's magazines contained small single-wash trial packets. In all, a million trial packets were distributed door-to-door, inside magazines and through face-to-face interactions in shopping areas. The product even received some news coverage, which further complemented their television advertising campaign.

EARLY RESULTS

By October 2007, Comfort One Rinse was available throughout the country at most major retailers in urban areas, and wholesalers and distributors were making headway getting the product into the smaller and dispersed rural retailers.

However, despite Unilever's marketing and distribution efforts, Comfort One Rinse was not finding its way into households. Consumers were sceptical. They had long been accustomed to using at least three rinse cycles to remove detergent and did not believe the One Rinse value proposition. They were also risk averse and not open to paying a premium for everyday household goods.

"A lot of people here are on a really tight budget. They're accustomed to doing things, like laundry, in a certain way. Change entails a certain amount of risk—why would they risk money on a product that they don't think will work? This was especially true in the rural areas, where our activation was lowest," reflected Bui.

Since 2005, fabric conditioners consistently unlocked more and more market potential in laundry care—driving overall market penetration rates for concentrates to an annual growth rate of over 20 percent.

A new threat

While Bui's team was busy convincing their customers about the value of One Rinse, Comfort lost its claim to being the sole one-rinse concentrate after only six months on the market. In October 2007, P&G launched Downy One Rinse, a product offering the same one-rinse benefits as Comfort, but also claiming an additional benefit of being safe for the skin.

Both P&G's and Unilever's one-rinse concentrates were similarly packaged in terms of size, though Downy One Rinse was slightly larger and priced at 15 percent above the core Downy concentrate and Comfort One Rinse. Both one-rinse products had the same perfumes as their respective core brands. The most troubling concern for Unilever was that Downy One Rinse appeared to be more effective at removing foam and detergent in a single rinse.

The concentrate market was nearing saturation in the urban areas, yet this only represented a quarter of Vietnam's population. The rural areas held much greater opportunity and Bui felt that the One Rinse proposition was perfectly suited to their needs. Unilever only needed to activate this segment.

Anyone hand-washing and using three rinse cycles would save an estimated 9,600 litres of water and 89 hours of labour per year by reducing their rinse cycles from three to one.

"It's important that we have price parity with Downy and own the message of 'leave the long-lasting freshness on your clothes' as part of our core concentrate range," said Bui, as she recalled planning for the next big marketing push. "We also need to make sure we have distinct graphics and packaging from our normal long-lasting freshness concentrate range."

The next big push

From early- to mid-2008, Unilever Vietnam focused on two key objectives. The first was to consolidate the One Rinse value proposition to further ensure that the One Rinse range was sufficiently differentiated from Unilever's other concentrate fabric conditioner products. To do this, Unilever Vietnam added a new perfume variant to bolster the product's fragrance with a greater variety of long-lasting freshness. This proved to be a key strategic move as research confirmed that the long-lasting freshness feature continued to be the main driver behind fabric conditioner sales. A new pink bottle was also introduced for this variant to further differentiate it from Downy. Different perfume variants for One Rinse were communicated through a different drop colour on the pack.

The second objective was to tackle the concerns about foam residue and convince customers that the One Rinse product would perform as promised. "It's not easy to change someone's mind when certain beliefs are ingrained and reinforced through habit," said Bui. "Our customers are accustomed to three rinses—they've been doing it this way their whole life. It'll take a stellar campaign to overcome these residue anxieties." To overcome this challenge, Unilever Vietnam launched the 'One Rinse Revolution' campaign.



MARKET PENETRATION OF COMFORT ONE RINSE IN VIETNAM IN 2009

>60%

Rural laundry care market

>75%

Urban market for fabric conditioners

The One Rinse Revolution

The 'One Rinse Revolution' campaign significantly ramped up Unilever's marketing activity. Numerous advertisements were shown in print, on television and on the Internet. Outdoor advertisements and in-door store displays appeared all over the country. A million more samples were given out as Unilever promoted the product through various channels.

Thousands of trial demonstrations were held at smaller venues throughout the countryside that created direct contact with millions of consumers. Unilever also conducted the 'One Rinse Challenge', a highly publicised event featured on Internet media and television, where two teams faced-off in a timed hand-washing competition. The team using Comfort One Rinse won.

RESULTS OF THE REVOLUTION

The 'One Rinse Revolution' was a resounding success in terms of rural activation. Distribution expanded to over 60 percent of retail outlets countrywide. Unilever diagnostics estimated that consumer awareness jumped to 8 percent of potential consumers, well above their target of 5 percent. The 16 percent trial rate that had been targeted was also surpassed, and it was estimated that the majority of consumers who sampled Comfort One Rinse later went on to purchase the product.

Comfort One Rinse was even beating Downy One Rinse two to one in terms of market share, and by 24.4 percent in value share performance (ie, the amount of revenue generated by one company versus competitors selling the same or a similar product). Simultaneously, Unilever Vietnam gradually began closing the price gap between Comfort One Rinse and Downy One Rinse.

The One Rinse Revolution was a resounding success in terms of rural activation.

In terms of critical success factors, Bui said, "It was important that we built up a lot of credibility through our demos and sampling. Although we had already generated lots of awareness through our earlier marketing activities, we continued to communicate a consistent message. There was also good media support—which helps a lot when it comes to impressions and habit change. We also had strong alignment between our sales force and marketing plan."

By December 2008, the campaign was delivering good results. Comfort One Rinse was not only gaining market share for Comfort in the laundry care market, but also driving segment movement away from dilute conditioners and into concentrate. Still, victory in the concentrate space was not yet certain. The Comfort One Rinse range had not yet reached the coveted 50 percent market penetration rate. But neither had Downy.

In 2009 Unilever improved upon the One Rinse formula to remove any doubts over foam residue and closed the price gap with Downy. The company also launched a new green fragrance variant—further expanding the One Rinse range to three different scent offerings. At the same time, Bui's team continued to push the marketing effort: they aligned their marketing plans with the sales team, worked with their channels on promotions and in-store displays, established strong media support that further bolstered advertising, and helped build credibility with their widespread demonstrations and trials.

In April 2009, two years after Comfort One Rinse was launched in Vietnam, Bui and her team had cause to celebrate. Comfort had penetrated over 60 percent of the rural laundry care market and over 75 percent of the urban market for fabric conditioners. Bui smiled with cautious optimism, "We're now driving the category in Vietnam, but we need to stay vigilant; these are very uncertain times for the global economy. That said, we've already started to take what we've learned here in Vietnam, and apply it to other markets in Southeast Asia and beyond."

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