

Research on Proctor and Gamble Marketing Strategy during Covid-19 in The U.S.

Tianyun Gu^{1,*}

¹Business school, University of Leeds, Leeds, LS2 9JT, United Kingdom

*Corresponding author. Email: xtuscq2wo@mail.cu.edu.kg

ABSTRACT

Following the outbreak of Covid-19, various measures were implemented that drastically affected business performance worldwide. Requires for lockdowns and cessation of movements affected the supply chain causing disruptions that caused consumer goods to change their priorities. It was important that consumer goods manufacturers also changed their marketing and advertising approaches to suit consumer needs. This study sought to investigate the marketing strategy pursued by Proctor and Gamble in the United States. Through analyses of past literature regarding the virus and the strategies used by consumer goods production companies, this study developed research aims which sought to fill research gaps in examining the marketing strategies utilized by Proctor and Gamble. The study utilized an online questionnaire which was analyzed to reveal the findings. The study found out that there was an increased purchase of hygiene products among U.S. consumers of consumer goods after the outbreak of Combined-19. In addition, online adverts were more helpful in marketing online products. It was also found out that an increased population relied on online advertisements to make purchase decisions. The study concludes by making recommendations that there has been a shift towards bulk purchases of hygiene products. The study recommended that Proctor and Gamble adopt marketing strategies towards marketing strategies which are skewed towards attracting online consumers of hygiene products and making online advertising campaigns. The study adds to the literature on changing consumer behavior for other companies that may not necessarily deal in consumer products. The study's limitations lie in the small sample used in the study. The limited scope of past research on the subject area may also be considered a limitation because we could not verify the credibility and reliability of the results based on other studies.

Keywords: Covid-19, U.S market, Proctor and Gamble, Marketing Strategy

1. INTRODUCTION

1.1 Research background

The outbreak of Covid-19 in the final months of December 2019 saw a widespread disruption of the world economy and how the firms functioned. Marketing strategies had to be realigned to fit into the government policies laid out to contain the spread of the virus. By 31 December 2021, the covid-19 cases in the U.S. had reached 54.2 million, with 823,000 deaths [1]. Significant shifts in consumer behavior required corresponding shifts in marketing approaches, which to some extent showcased similarities in firm behavior changes during periods of economic downturns. The covid-19 pandemic challenged consumers to reimagine their priorities, leading to new spending habits and a shift in consumer preferences [2].

Similarly, Euronews identified rising trends in consumer behavior reflected through enhanced connectedness between consumers and businesses in pursuit of emotional support for both parties [3]. The emotional connectedness was witnessed through enhanced digitalization, thereby using digital platforms to extend the connection between consumers and suppliers [4]. People's behavior also changed to reflect healthy living habits with a struggle for the middle class and lower economic classes to maintain their lifestyles [5]. People's shopping experiences also witnessed a reinvention from the norm. Online shopping was seen to rise with an expectation of a lasting impact of online shopping even after the end of covid-19 [3]. (Hoekstra and Leeflang 2020) noted that companies were redesigning their goals and objectives to develop initiatives meant to deter the spread of covid-19 [6]. These initiatives have since been called cause-related marketing, which signifies the firm's commitments to

corporate social responsibility [7]. Engaging in corporate social responsibility activities meant to tackle the results of the Covid-19 surge to benefits created due to shifts in demand resulting from the covid-19 effects on the economy. According to some studies, Proctor and Gamble committed to “developing innovative nasal swabs with digital partners that helped communities address any supply shortages and bring creative solutions to the challenges facing laboratories and supply chains during the covid-19 pandemic [8]. Therefore, this paper seeks to investigate the marketing strategies of Proctor and Gamble during the Covid-19 period in the context of the U.S. business environment. The research will contribute to the existing literature on marketing strategies during pandemics and highlight the social importance of corporate social responsibility and the dependence of stakeholders during periods of economic downturns.

1.2 Literature Review

Hoekstra and Leeftang observed that companies were redesigning their goals to create initiatives to tackle the covid-19 crisis [6]. Informed by the shifts in consumer behavior, especially after the outbreak of covid-19 and consequent changes in firm behavior corresponding to consumer behavior, Hoekstra and Leeftang examined marketers’ response to the disruptions caused by the covid-19 pandemic and the contracting effect of the economy [6]. Hoekstra and Leeftang found that many firms had developed ideas that redefined their product portfolios. By citing examples such as DSM, an initial manufacturer of plastics who had turned out to produce face masks, and Deliveroo, primarily a delivery company for restaurant orders now delivering Marks and Spencer Products [6]. Hoekstra and Leeftang observed how online platforms in the U.S., such as Sellfly and Sendowl, came in handy in delivering and marketing products during the covid-19 period [6]. Therefore, the study found that online marketing campaigns and strategies proved helpful during the covid-19 period. In addition, Hoekstra and Leeftang observed a 10% decline in expenditure committed to television advertising with marketing communication designed to retain existing customers rather than acquire new customers [6]. The study concluded by noting that the pandemic offered opportunities to marketers to exhibit their demonstration of expertise in companies that were hit by Covid-19 negatively and those whose businesses expanded as a result.

Baryshnikova examine the effects of Covid-19 on the functional strategies of companies in the real sector of the economy by assessing shifts in the economic behavior of firms in the face of the pandemic [9]. The research intended to find out how businesses were adapting their marketing strategies to survive the new risks posed by the virus and their management of personal and machinery.

Baryshnikova noted that the changes in marketing strategies were due to changes in consumer behaviors due to government policies being enforced to contain the virus [9]. According to their studies, the covid-19 pandemic highlighted the need for firms to adapt quickly to changing environments in all spheres of the firm’s operations, such as marketing, production, and personnel management [9].

He and Harris examined the impact of covid-19 on firms’ corporate social responsibility and marketing philosophy [10]. He and Harris found out that the pandemic provided an excellent opportunity for first to shift their attention towards more genuine and authentic Corporate Social responsibility activities which addressed the global social and economic challenges [10]. The research also found that persistent shifts in consumer behavior and decision-making due to the pandemic necessitated firms changing their marketing tactics to fit consumer behavior changes [10]. He and Harris recommended that firms investigate the changes in consumer beliefs and spending patterns to inform their marketing strategies, given the anticipated resurgence in social marketing concepts and business orientations [10].

1.3 Research Gap

The above literature reviews have showcased that most scholars have examined the marketing strategies that firms can adopt to remain afloat during the covid-19 pandemic. Most studies have showcased the importance of CSR as a marketing strategy during a pandemic. However, there have been limited studies on the action of firms similar to Proctor and Gamble during the covid-19 period. Similarly, few studies have examined the marketing strategies in the U.S. business environment. Therefore, this paper hopes to fill those research gaps by examining the marketing strategies adopted by Proctor and Gamble during the Covid-19 period in the U.S.

1.4 Research Framework

Firstly, the research will examine the literature on Proctor and Gamble before the covid-19 pandemic. Secondly, the paper will discuss the consumer behavior of the target market for Proctor and Gamble before and after the covid-19 pandemic to reveal any changes in consumer preferences. Thirdly, the paper examines how Proctor and Gamble have changed their marketing strategies and presents an audit of the failures and successes of these strategies. The report concludes by providing recommendations on marketing strategies adopted in the U.S. market informed by the research findings.

2. METHODS

2.1 Online Survey Questionnaire Method

A questionnaire is a set of open-ended and close-ended questions meant to collect information from respondents. An online questionnaire is typically shared through an online platform to minimize the risk of contact with the respondent. In our context, online survey questionnaires will prove to be affordable and minimize contact with respondents, thereby preventing the spread of the virus. The questionnaire will be shared with samples of populations designed to determine consumer habits before and after the covid-19 period. Analysis of these activities will reveal any potential changes in consumer behavior resulting from the pandemic. The questionnaire shall be tailored to collect qualitative and quantitative data, analyzed using various statistical tools such as SPSS and STATA.

2.2 Case Study Method

A case study is a research method where the researchers seek to understand the multiple facets of a complex issue by applying accurate life context analysis of a similar problem [12]. A case study allows the researcher to learn about the case presented to them and provides a product of people's learning for examination. Our research approach will utilize a collective case study that focuses on multiple cases simultaneously to understand consumer behavior in the face of covid-19. The case study will reveal the conventional marketing strategies utilized to develop traditional approaches to pandemics using the Proctor and Gamble case as a base for the study by examining various shifts in consumer behavior. Therefore, the case study will allow us to explain, describe and explore the marketing strategies used by Proctor and Gamble during the covid-19 period by examining the consumer habits to identify any shifts in consumer behavior.

2.3 Literature analysis Method

A literature review represents a survey of relevant sources of information such as journals, theories, and scholarly articles which provide information to a particular phenomenon under study [11]. The research will employ a literature review on journals and academic articles related to marketing strategies and marketing theories, consumer behavior during a pandemic, and industry responses to pandemics. By so doing, the literature review will describe the phenomena mentioned above, a summary of the past findings, and a critical evaluation of the marketing's strategies that can be adopted by firms like Proctor and Gamble during the covid-19 pandemic period to realize optimum potential by balancing on the social and commercial impact of the pandemic [5].

3. ANALYSIS OF THE CURRENT SITUATION

3.1 Analysis of consumer behavior of Proctor and Gamble

Proctor and Gamble belong to the industry of consumer goods. The company produces a wide range of personal health and consumer products categorized as either beauty, fabric and home care, family care, health care, and grooming products. In addition, it also includes such items as beverages and food products. The consumer goods industry was adversely affected by the outbreak of the covid-19, just like all other industries globally. Significant disruptions in the supply chain resulted in a reduction of revenue targets by 76% of all businesses worldwide [12]. The decrease in revenue targets averaged 23% across all business sectors, as reported by the ISM (Institute of Supply Management) [12]. However, there have been rapid shifts in how some sectors in the consumer goods industry responded to the outbreak with increased consumer demand for household sanitary items and frozen foods. This has necessitated the companies dealing in these productions to increase their supplies and stocks to meet the rising demand. However, due to reduced sales in retail stores and physical sales of products, there has been a drastic decrease in retail outlets' revenues that focus on selling consumer goods at physical locations and declined to go online [7]. Firms that adopted digital strategies in marketing and distributing their products and enhanced the user experiences on their digital platforms have reaped huge returns [13]. There has been an increased demand for such items as websites for online retailers moving from brick-and-mortar stores to enhance their online presence to reflect the needs and demands of the consumer. The government regulations such as lockdowns and social distancing requirements have seen most businesses closing their physical stores. People have been confined to their homes to reduce outside contact and minimize the spread of the virus. Rajamani reports that some companies struggled to put up their businesses online, while those with an online presence found it easier to enhance their online service provisions [12]. Businesses in the consumer goods industry that are more successful at adapting to the digital transformation because of their liquidity and capital availability have found it easier to reap the benefits of the digital transformation brought about by the outbreak of covid-19.

Consumer behavior in the post-epidemic era has shown that consumers have gained a preference for online shopping of products instead of physical shopping for products and services. The lockdown regulations and social distancing rules requiring people to work from home saw a paradigm shift in the number of people spending more time online via digital apps [14]. These apps were used to connect with friends and family and

interact with passing the time. The increased consumer presence required a business model change where consumers would interact with business products online. Consumers have an increased demand for personal product personalization requiring firms to ship raw products in place of finished products to meet the diverse individual consumer needs [12]. There has been restructuring in the supply chain where firms used to pre-order items in anticipation of the future demands of these products. These days, limited personal shopping has caused a break to the supply chain, which has, in turn, amounted to huge cost burdens to store owners.

The consumers of proctor and gamble products increased their demand for hygiene products, a shift in consumer behavior that is anticipated to go on even after the end of the pandemic [15]. The CFO of Proctor and Gamble, Jon Mueller, reported that there had been a 30% rise in the sanitizing frequency, a 15% rise in domestic dishwashing frequency and a 15% increase in the usage of home paper towels in the U.S. during the covid 19 period [15]. The company responded by increasing its online e-commerce sales and developing products that meet the demands of consumers, such as sanitary sprays and oral health products which meet consumer needs.

The marketing campaign adopted by Proctor and Gamble during the covid-19 pandemic reflected those most companies adopted during that period. The efforts were primarily geared towards corporate social responsibility in supporting vaccine drives and developing products that could help make virus testing easier. However, consumer goods firms need to optimize their marketing strategies to meet the changing demands of the consumers and maximize revenue generation [16]. The major problems in consumer products marketing were the ignorance of consumer feedback. Firms need to examine the feedback and gain insights into customers' consumer experiences with their products.

3.2 Statistical analysis based on survey results of Proctor and Gamble

The research utilized a descriptive research design which showcased the following results from the online survey questionnaire. The sample comprised 200 respondents who had a mean age of 30 years, of whom 95 were male and 105 were female. The survey questionnaire sought to investigate if the population sample changed consumer behavior during the Covid-19 Period. Figure 1 shows the results of the survey.

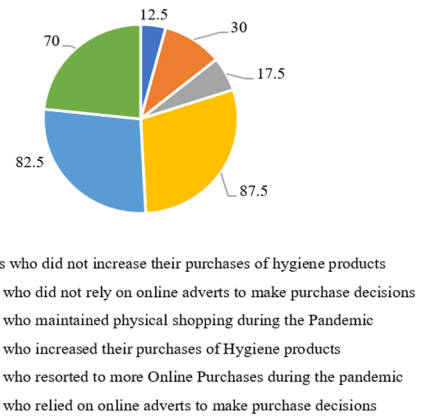


Figure 1 Consumer behavior analysis

The above analysis shows that 87.5% of the respondents increased their hygiene and sanitary items purchases during the covid-19 pandemic. In contrast, only 12.5% of the respondents admitted to maintaining their purchases of hygiene products to levels they had before the pandemic outbreak. In addition, it shows that 82.5% of the respondents changed their consumer behavior, opting to make their purchases via online channels rather than physical shopping during the pandemic. In contrast, only 17.5% maintained their physical shopping habits during the pandemic period. Lastly, 70% of the respondents admitted to online advertisements and marketing to make purchase decisions during the pandemic period. In contrast, only 30% of the respondents did not rely on online adverts to make their purchase decisions.

3.3 Identify problems in the marketing strategies of Proctor and Gamble

Therefore, the marketing strategy of the firm Proctor and Gamble had to change to reflect the changes in consumer behavior. Online advertising and marketing and online interaction with clients via online platforms had to be put in place to ensure they met the customer's needs and demands via the platforms where the customer was most accessible.

The marketing problems identified showcase that Proctor and Gamble relied heavily upon CSR activities as a measure to enhance their marketing efforts. However, CSR activities were insufficient to convince the customers to make purchases through the company [17]. More needs to be done regarding online interaction with customers, online education about the virus, and revamping online communication channels such as websites, social media accounts, and email monitoring to respond to customer queries. In addition, customer feedback analysis via online communication channels is important to determine the product's consumer experience to enhance a well-tailored delivery of products that meet the customers' demands.

4. DISCUSSION

Consumer behavior shifts during the covid-19 period will be significantly different from the behavior witnessed during other periods of pandemics or recessions. For example, after the 2008 global financial crisis, consumer behavior showed a uniform reduction in consumer spending habits across all sectors [2]. However, the covid-19 effects of the pandemic will be followed by a recession characterized by reduced consumption across specific product lines and a shift towards different product lines. The use of social distancing rules and lockdown effects of the pandemic will affect consumer behavior as consumers change their preferences which gives rise to new spending habits and criteria. Therefore, the witnessed results from the data shown above show that consumers are shifting towards online mediums of data seeking and making decisions based on online sources of information. Their spending habits are shifting towards increased preferences for hygiene and sanitary items [18]. These changes can be understood to mean that consumers have become more conscious of the role of hygiene and sanitation in preventing the spread of the virus. In addition, the effects of lockdown and social distancing coupled with working from home regulations may have increased consumers' predisposes to unhygienic environments. Hoekstra and Leeftang noted that a healthy lifestyle within and beyond the homes of humans around the globe was becoming essential, and human beings were adopting a more holistic approach towards wellness [6]. In addition, Hoekstra & Leeftang note that there has been a shift in shopping patterns from physical stores to online shopping. The paradigm shift has grossly affected consumer goods and durables [6]. Hoekstra and Leeftang reported that consumers who had previously not had experiences with online shopping had become ambassadors of online shopping [6]. The move towards purchasing locally produced goods has also been reported amongst consumers.

Therefore, Proctor and Gamble should focus their marketing strategies towards implementing solutions that reflect the changes in consumer behavior being witnessed around the globe.

4.1 Optimization of product strategy

The product strategy should encompass the production of goods tailored towards meeting the personalized needs of the consumers, as witnessed in many parts of the world. Consumers are shifting towards customized products, and customer loyalty is changing to reflect an increased desire to have products shipped to their locations to minimize movements [19]. Therefore, this study recommends that Proctor and Gamble develop shipping procedures and logistics which deliver items to a customer's address, thereby reducing the need to go for items at a centralized location personally. In addition, the

study recommends that Proctor and Gamble could invest in online communication and purchases channels. Through offering consumers educative information about their products about mitigating against the effects of the covid-19 pandemic and interacting with consumers to understand their consumer experience.

4.2 Optimization of price strategy

The pricing strategy should encompass discounts for repeat customers. In addition, reduced pricing due to locally sourced products should be pursued. Lastly, a pricing strategy that offers loyalty coupons to customers should be encouraged to ensure that customers who are fond of purchasing goods in bulk or regularly can be compensated through loyalty programs. The companies should also invest in big data analytics to determine the best approaches based on the revenue generation data and historical purchases data. The marketing strategies which yield tremendous benefits should be encouraged. At the same time, those that do not necessarily translate to meeting the customer needs and preferences should be scaled down to optimize marketing strategies.

5. CONCLUSION

5.1 Findings

This paper finds out that there has been a shift in consumer behavior towards a bulk purchase of hygiene products. In addition, consumers have shifted their purchase behavior towards online purchases compared to periods before the virus outbreak. Lastly, marketing strategies that encompass an online campaign geared not only to educate potential customers but also engaging with customers to get their customer feedback regarding the customer experience should be pursued. Proctor and Gamble should invest in technology to expand their online presence and enhance analytics to determine which consumer segments purchase which products most regularly to tailor their marketing strategies to these particular segments.

The significance of this study is that it adds to the literature regarding the marketing strategies in place during the covid-19 period for Proctor and Gamble in the United States. In addition, the study is significant because it guides other likewise consumer goods producers to pursue marketing strategies that meet the needs of the consumers. Lastly, the study is critical because it contributes to the literature on changing consumer behavior for other companies that may not necessarily deal in consumer products.

5.2 Limitations

The study's limitations lie in the small sample used in the study. The characteristics of the sample may not always reflect the true characteristics of the population

because the population may contain outliers. The limited scope of past research on the subject area may also be considered a limitation because we could not verify the credibility and reliability of the results based on other studies. There was also a time constraint because insufficient data could be collected within the given framework of the research studies.

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