

# Research on Localization Marketing Strategy of Multinational FMCG Products (Taking Chinese Market as an Example)

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## ABSTRACT

With the rapid development of China's economy, China has broad market prospects, and more and more multinational corporations have achieved great success in China. To improve brand influence and assets, multinational enterprises entering the Chinese market need to conduct consumer research and brand localization marketing. This paper takes the brands of P & G and Unilever, the giants of the daily chemical industry, as the research object, studies their brand marketing strategy and combines the development trend of multinational FMCG brands. This paper mainly compares and analyzes localization marketing strategies in brand naming, logo, and advertising in the new media era. Through the research and summary of the localization strategy of multinational FMCG companies, this paper believes that multinational companies should pay attention to the investigation of consumers, carry out targeted product positioning and implement integrated marketing communication according to the market. At the same time, it hopes to provide the corresponding reference for enterprises about to enter the Chinese market to implement the localization marketing strategy and stimulate the potential of the Chinese market.

**Keywords:** P & G; Unilever; Localization strategy; FMCG; Marketing strategy; Integrated marketing communication

## 1. INTRODUCTION

### 1.1. The meaning of FMCG and its industry characteristics

#### 1.1.1. What is FMCG

In short, FMCG is a kind of immediate consumer product. It has a short service life, fast and frequent consumption and significant demand. Because researchers focus on the sales model when studying FMCG, the definition of FMCG is more inclined to how consumers use it, so many businesses call it a "fast sale product".

### 1.2. Features of FMCG

#### 1.2.1. FMCG expenditure accounts for a small proportion of total consumer income.

For this reason, the regular consumption of FMCG

will not affect household spending.

#### 1.2.2. FMCG has a low technical cost and small industrial barriers.

There is little resistance for FMCG to enter the market. At the same time, its low technical content determines its price. Generally, the price of FMCG is low. In addition, the technical difference of FMCG owned by similar enterprises will not be huge. The enterprise's brand publicity ability should reflect the main difference in the enterprise's brand publicity ability.

#### 1.2.3. Small product differences make it challenging to establish product loyalty.

FMCG covers all aspects of life, with a low consumption threshold, low technological cost and tremendous competitive pressure. Established manufacturers mainly occupy the market, and it is difficult for new brands to intervene. Because the same

kind of goods is not comparable, advertising has become the leading factor in FMCG sales.

## **2. FMCG INDUSTRY AND ITS DEVELOPMENT STATUS**

### ***2.1. Global development process***

Looking at the marketing development and reform of global FMCG, it can be divided into three stages:

The first stage, the mid-1990s, belongs to the early stage of marketing, mainly relying on products and advertising to win the market;

The second stage is the 21st century, from the mid-1990s to 2002, which belongs to the growth period of marketing, mainly relying on sales and scale channels;

The third stage is from 2002 to now, which belongs to the mature marketing stage, mainly relying on marketing innovation and brand management. It is worth mentioning that Chinese consumers' spending on FMCG products continues to grow.

According to the data of Kantar worldpanel, in 2019, China's urban fast-moving consumer goods (FMCG) expenditure increased by 5.3%, a year-on-year increase of 0.2%. With fresh food driving inflation up by 2.9%, the retail sales growth announced by the government remained at 8%. 78% of Chinese urban households have purchased FMCG online at least once in the past year, with an average purchase frequency of 14.5 times in the past year.

### ***2.2. Current situation of FMCG enterprises in the Chinese market***

Chinese daily chemical enterprises started relatively late. Unilever was the first foreign-funded daily chemical enterprise to enter China. Subsequently, international daily chemical giants such as P&G and L'Oreal also entered the Chinese market one after another. With excellent product quality, excellent marketing means and a standardized management system, foreign-funded daily chemical enterprises have occupied more than half of the market share in the Chinese market and led the development of China's daily chemical market.

However, China's local daily chemical FMCG group has also made some remarkable achievements in the market, such as Naais, LiBai, Blue moon, etc. However, in the face of the sluggish sales of the overall daily chemical enterprises since 2015, the daily chemical enterprises in the Chinese market still have room to optimize their brand positioning and promotion methods. Facing the era of "new marketing", enterprises should think about how to meet the preferences of more consumers.

Due to the impact of the global epidemic in 2020, according to the 2020 China Consumer Market Report, It shows that COVID-19 has brought a significant impact on the global economy and consumer market in 2020. Behind the significant changes in the market, the redistribution of purse shares among different categories is behind the significant changes. The fast consumer goods in China's city have dropped by 44 billion compared with the normal situation. In 2020, the consumption classification was more prominent. This phenomenon reflects that there is strong demand for high-quality and light luxury consumer goods. Still, at the same time, ordinary consumers are more rational in purchasing many products and pursuing cost performance. The data shows that 63% of respondents agree that unnecessary flowers will be controlled or reduced in the future Fee.

## **3. METHODS**

Theoretical basis and related research review: This article uses the method of data search, literature reading and data collection. It includes four areas.

### ***3.1. Overview of consumer behaviour theory and related research status***

In 2020, Li Tong, using topic marketing to create consumers' independent communication effect, analyze and classify through big data, and pay attention to the subtle differences of users on social media platforms, so that target groups' information can be received more accurately efficiently [1].

### ***3.2. Overview of brand strategic positioning theory and related research status***

#### ***3.2.1. Localization of brand naming***

"Brand naming is to mark a specific product with a specific name to make it different from other similar or different products. The brand name should be different, easy to distinguish, and can imply the functional advantages and product characteristics of the product. As an important factor to attract consumers' attention and interest, the brand name can not only improve the grade and taste of goods, but also facilitate the shaping of brand image and ultimately promote the development of consumers It is conducive to the rapid improvement of brand equity. " [2].

#### ***3.2.2. Localization of brand identity***

"Logo is not only the first impression left by the brand to consumers, but also one of the most important visual marketing means of enterprises. As an indispensable part of the brand, logo plays a key role in the dissemination and establishment of the brand. As a special social

symbol, it can clearly reflect consumers' personal preferences and value orientation." [3].

### *3.2.3. Localization of product packaging*

Zhang Guangqi, Song Wei et al. (2019) believe that product packaging is the consumer's visual experience, the primary bearer of product personality and the direct expression of corporate image positioning [4]. Good packaging design is one of the essential means for enterprises to create profits. In line with the consumer psychology of the packaging design, accurate positioning can help enterprises stand out from many competing brands and win the reputation of "reliable".

In packaging design, innovative attempts in vision, specification, and material can be made to avoid excessive homogenization.

## **4. OVERVIEW OF BRAND MARKETING STRATEGY THEORY AND RELATED RESEARCH STATUS**

Advertising promotion is brand localization according to consumer needs and hobbies.

Shanghai economic mentioned that in 2013, P & G's advertising expenses accounted for 9% to 11% of the company's consumption. They mainly drive performance growth through a large amount of advertising investment and star endorsement in traditional media such as TV and film. However, in the Internet age, with the rapid development of new media such as the Internet and mobile media, P & G can increase its proportion and make full use of new interactions such as online social media with more innovation.

### *4.1. Localization of advertising*

Zhang Guangqi, Song Wei et al.(2019) think that advertising channels products to contact consumers and is the most powerful means to shape brand personality [4]. Facing fierce market competition and high product homogeneity, brand image publicity has increasingly become an essential tool for businesses. Advertising can make the same goods have different characteristics, shape unique brand personality and improve the value of products in the eyes of consumers. They are using endorsement, traditional festivals, and new media.

### *4.2. Review of research status*

With the in-depth development of economic globalization, the economy worldwide is constantly developing and improving, and the FMCG industry has developed very well [5]. At the same time, with the decline of the international economic environment, China's FMCG market has significantly developed. As a result, many foreign enterprises see opportunities in

China and begin to enter the Chinese market.[6-7] The intervention of foreign multinational enterprises intensifies the market competition, makes the space for consumers to choose more widely and reduces their loyalty to the brand. Therefore, this article analyzes the strategic suggestions for multinational corporations to enter the Chinese market from consumers' perspective, brand positioning and brand strategic marketing [8]. Through the review of the previous literature, it is found that the previous research is mainly based on the marketing strategy and product positioning of multinational corporations, and there is no innovative marketing under the Internet based on the development of the times. Therefore, this paper gives reference suggestions for multinational corporations, especially multinational FMCG, to carry out brand integrated marketing communication under the development of new media to promote the development of multinational corporations in the Chinese market.

## **5. MARKETING STATUS OF MULTINATIONAL FMCG IN THE CHINESE MARKET**

### *5.1. Brand strategy*

#### *5.1.1. P & G - Multi-brand strategy of "segmentation and positioning."*

In the ten years since entering the Chinese market, P & G has gone deep into hundreds of thousands of Chinese consumers to conduct detailed research on China's washing, skincare, sanitary products and other markets, and then subdivide the market. Through the value evaluation of each sub-market, combined with its resources and advantages, select the target market, and position the market according to the function or price difference of different brands. Taking shampoo as an example, "Piao Rou" solves the problem of dandruff to make the hair soft and shiny, "Haifei Si" and "panting" nourish and moisturize the hair root to the hair tip. Multi brands with their characteristics have been well developed in the sub-market.

#### *5.1.2. Unilever - "brand extension"*

As the two giants in the world's consumer goods industry, P & G takes the road of "one product and multiple brands", while Unilever does not simply imitate but implements the brand extension strategy to lead the new trend of market consumption. For example, "Dove" soap is a top brand of the company, favoring the market because of its unique moisturizing effect. Unilever accordingly implemented brand extension and launched "dove moisturizing and nourishing shower gel". [9] Although it entered the shower gel market late, it is still a strong competitor for P & G in the market. The brand

extension also paves the way for the dove to extend to the deodorant market in the future. Among the successful brands promoted by Unilever in China, 70% of the brands come from brand extension strategies rather than new brands.

## **5.2. Brand naming and identification**

The logo is the first impression left by the brand to consumers and one of the essential visual marketing means of enterprises. [3]As an indispensable part of the brand, the logo plays a crucial role in disseminating and establishing the brand. As a special social symbol, it can reflect consumers' personal preferences and value orientation .

### *5.2.1. Brand name:*

In terms of the product concept, Unilever's brand "Dove" is transliterated from English "Dove" and "Dove" is translated as "Pigeon" Dove's products include skincare products and shower gels, which promise no soap base, and the skin after use is still silky and soft. On the outer package of the product, there is an image of a bit of pigeon, with a round bottle body, white as the leading tone, and a flower-like background, which is in line with the target consumer's design of women aged 25-55 Yes [10].

In addition to paying attention to women, some product concepts imply environmental protection and add points to brand marketing. [11] For example, the plastic film of Ogilvy washing powder is made thinner, the tubular packaging of Zhonghua toothpaste is reduced, and the replacement bag packaging of Xiashi Lian shampoo is introduced. The environmental protection concept is printed behind these products to convey Unilever's sustainable thinking to consumers. In this way, Unilever is now trying to find foaming technology for packaging without changing the thickness of plastic bottles.

### *5.2.2. Identification:*

It is of great significance for multinational enterprises to establish a new and easy to identify brand logo for brand development. P & G's original trademark took the moon and stars as the theme.[12] In 2003, it was replaced by the trademark of "P &G" in plain font. Then, P & G redesigned a new brand logo, retained the circle and crescent elements of the previous classic Moon Star trademark, and added a circle combining day and month based on the original simple "P & G", which improved consumers' recognition and image memory.

## **5.3. Advertising**

### *5.3.1. Endorsement*

In the localization process, the localization of star spokesmen plays a positive role in product promotion and publicity. [13] To better expand the influence of the local market, both P &G and Unilever hire stars in different fields as their respective spokesmen to improve the brand affinity and market attention.

The scenes constructed in P & G's advertisements in China are more in line with the actual living habits of local consumers. P & G often employs popular Chinese stars such as Fan Bingbing and Ni Ni in advertisements issued in China. For example, the washing brand "tide" team found in the survey that Chinese housewives believe more in the recommendation of their family or friends, so they chose actor Haiqing as the spokesperson because she has a caring and capable image in the TV series image. The advertising endorsed by her has a significant influence on consumers' purchases [14].

Unilever also understands that local spokesmen will have a significant impact on product sales. Unilever changed its image of "international superstar" of "lux" in the face of the Chinese market. The famous Western stars no longer appear in the advertisement, but the stars recognized by Chinese consumers such as Maggie Cheung and Guan Zhilin. This spokesperson maintains the noble and elegant international brand image of lux, is close to Chinese consumers' star psychological needs, and occupies the market well.

In the process of advertising localization, both P & G and Unilever stressed that based on understanding the psychological needs of local consumers, P & G should hire stars in line with the product tone to speak. P & G's star selection is more flexible.[15] It should be selected according to the product's market positioning and target population. At the same time, Unilever prefers to directly invite front-line traffic stars to speak for the product to make the product more attractive "Localization" to promote product sales and enhance the market value of products.

### *5.3.2. Enterprise official website*

In terms of the official website of the enterprise, both P & G and Unilever have set up Chinese websites that are easy for Chinese people to read, respectively called "P &G China" and "Unilever China" However, there are significant differences between the two official websites. The localization design of P & G's official website is more prosperous. The front page of the official website is the advertising of P & G's latest activities and products. It selects well-known film and television stars, which is very friendly. Regarding vocabulary on the official website, P & G also adopts popular vocabulary

familiar to Chinese consumers, such as "fortunately met you" "Love really needs courage to face gossip". [16] The overall picture and content of Unilever's Chinese website are more international, using many pictures and content of foreign information.

## 6. DISCUSSION

Suggestions on the development of transnational FMCG in the Chinese market

### 6.1. product positioning

Improve the ability of independent innovation and innovate products according to the times and consumer preferences.

Differentiation strategy: with unique ideas, advanced science and technology and construction procedures, novel and mysterious raw material formulas and unique service forms, enterprises can design a different product. Even if the product itself is not strange, they can establish a unique brand image through advertising and packaging to achieve the effect of differentiation. The differentiation strategy can be implemented in a wide range of markets or a narrow range of markets. In the case of a narrow market, the target of differentiation strategy is a small group of consumers with special needs or hobbies, so there is a focus differentiation strategy.

Lower cost strategy: enterprises can consider adopting a cost leadership strategy to establish a competitive advantage facing a huge market and many consumers. The key to this strategy is to reduce the average expenditure through economies of scale and obtain professional work efficiency through mass production to reduce the overall cost, position the product price at a lower level in the same industry, and generate a competitive advantage.

### 6.2. User Research

Strengthen consumer market research, accurately grasp brand positioning and gain insight into industry trends. Generation Z grew up in the Internet environment. Compared with the previous generation, their personalized needs are more diverse and rich. Their loyalty to the brand is weakened. They like to pursue freshness, are willing to choose new consumption, and pay for creativity. They think that "playable" brands deserve "fun". If the brand wants to stand out and the brand wants to stand out, it must have accurate insight into the target users and understand them. How FMCG Brand plays with generation Z. For example, Gillette of P & G and the game king glory which loved by young people jointly launched a new razor, which won the love of a large number of young consumers, expanded the target consumer group of the brand and increased sales.

### 6.3. Marketing management

Multinational corporations need to make rational marketing strategies in combination with their characteristics and localization development. Compared with other types of consumer goods.

The characteristics reflected in the purchase decision-making and purchase process are particularly prominent. The purchase methods of FMCG mainly belong to habitual or diversified purchases. Even impulsive purchase of products. Therefore, product appearance packaging, advertising promotion, and price often play an essential role. In the Chinese market favoring new media, we need to use integrated marketing to shape the brand. Understand consumer preferences and grasp hot spots for marketing. Strengthen brand identification and brand image building. If you can't keep up with the new media marketing methods and have no sinking advertising, you will be forgotten by the market.

For example, in the face of changes in China's consumer market, for emerging sales channels such as cross-border e-commerce, social e-commerce, category vertical e-commerce and online KOL, brands should timely insight and innovate channel management strategies, and innovate marketing methods for more young consumers, to improve sales volume and consumers' familiarity with the brand.

## 7. CONCLUSION

When multinational enterprises enter the Chinese market to implement localized marketing, they need to combine the brand characteristics and their advantages, conduct consumer research, understand consumer preferences, and design and market products according to the unique needs of the target market. Multinational corporations face different consumer groups and different geographical and cultural environments. Therefore, it is necessary to implement the localization marketing strategy.

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