

Performance Evaluation of Leading FMCG Company in Sylhet Metro City: a Case Study on Selected Products of Reckitt Benckiser Group PLC (RB) in Sylhet Region

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Abstract

This paper examines the sales performance of a leading FMCG by analyzing sales data of selected products of Reckitt Benckiser in Sylhet region over five months' time. The sales data of the top selling five products of RB were analyzed month wise and then item wise to check the trend in sales. There has been no significant monthly sales trend and steady pace in sales growth found for the products under study. The comparative analysis of five top selling products of the company shows the dominant items in the revenue. Retailers and many customers think that RB needs to increase its promotional efforts to improve market share compared to other participants in the same industry. RB may think about more consumer-centric promotion programs and special offers to boost its sales.

Keywords: FMCG, Comparative analysis, Trend analysis, MNC.

Introduction

Fast Moving Consumer Goods (FMCG) sector is one of the largest sectors in the economy of Bangladesh. In the last few years, the FMCG industry in Bangladesh has experienced a dramatic growth; both qualitative and quantitative improvements have taken place in the consumer durables segment. FMCG in marketing means convenient and low involvement products such as salt, flours, pens, chocolates, etc.

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Reckitt Benckiser (RB) is a multinational consumer goods company, whose headquarter is located at Slough, England. It produces five categories of products- health, hygiene, home, food and portfolio brands. But RB operates the majority of its products into three main categories – health, hygiene and home. The company's strategy is to have a highly focused portfolio concentrating on its 19 most profitable brands, which are responsible for 70 percent of net revenues. Major brands of RB are French's Mustard, the antiseptic brand Dettol, the sore throat medicine Strepsils, the hair removal brand Veet, the air freshener AirWick, Calgon, Clearasil, Cillit Bang, Durex, Lysol, Mycil and Vanish, Mortein, Harpic, Gaviscon and many more innovative customized products which strong and promising appeal to consumers. It has operations in around 60 countries and its products are sold in almost 200 countries. RB emphasizes heavily on cutting edge R&D to launch superior brands for the sake of its consumers who soul of their business.

Mortein Coil of Reckitt Benckiser (Bangladesh) has been experiencing steep downward sales in Bangladesh, downing from nearly 87 percent to currently a glaring approximately 20 percent. But during the same period, it has enjoyed around 83 percent of total market share of toilet cleaning goods, making it market leader in Bangladesh. This fluctuating trend in the products of Reckitt Benckiser led to taking a research initiative covering the most promising and nascent, in terms of consumer goods, Sylhet Metropolitan City area. The study has mainly been aimed to evaluate the performance of given top-selling products, including a monthly trend analysis of Reckitt Benckiser over a period of previous five months (May-September, 2015). Besides, a comparative analysis of products is crucial to gauge performance of the products.

Objectives and Scope of the Study

The wide objective of the study is to see the performance of FMCG in Sylhet metro city. The key objective of the study is as follows:

- To evaluate sales performance of five selected products of Reckitt Benckiser in Sylhet metro city, including comparative analysis of these selected products.

Since Sylhet metrocity is one of the most growing and promising FMCG markets in Bangladesh, it has been chosen for this study. The study has mainly been initiated to evaluate performance, along with trend analysis, and make comparative analysis of five top-selling products of Reckitt Benckiser (Bangladesh) in Sylhet metrocity. The study has been conducted focusing on five top-selling products – Harpic Cleaner, Dettol Soap, Mortein Coil, Trix Liquid and Lizol Cleaner – in Sylhet metro city territory.

To evaluate performance, data of unit price, total sales quantity and total amount of sales (Taka) of all five products over consecutive five months, May through September of 2015 have been taken and were accounted for to accomplish the objectives of the study.

Methodology

The research method used in the study is explorative.

1. The study has primarily been conducted based on secondary Data. Local distribution and agent offices of Reckitt Benckiser, related journals and periodicals, financial statements of RB, supportive companies of Reckitt Benckiser, web contents of RB and other supportive companies have been evaluated to collect secondary data. Collected secondary data have been carefully scrutinized to tabulate, analyze, and present to get to the research objectives.
2. In addition to secondary data, direct visits to some retail outlets, discussions with operational body of RB, concerned authority of distributional houses, sales representatives, and consumers, and taking expert opinions in Sylhet metro city have been conducted to give more realistic picture of performance of the company.

Limitations

1. We got data for only five months, instead of at least two quarters or one year. The study could have been more comprehensive, if at least data for two quarters or one year were used.
2. Sylhet metro city covers a small territory that limits the scope of the study.
3. Out of numerous retail outlets, direct visits to only a small number of shops were conducted.
4. Fortime constraint, it was not possible to cover each aspect concerning the study.

Literature Review

In recent years, the FMCG industry worldwide has experienced a difficult market condition. In some categories, formerly popular brands have either been deleted or squeezed between the category leaders and low-cost competitors (Ullah & Prince, 2012).

Major Segments in FMCG Sector

Foods and Beverages

Food stuffs include bread, dairy products like butter, milk, cheese etc., vegetable oil, cooking oil, flour, chocolates, candies, ice-creams, biscuits, jam, ready-to-eat items, and chips and so on. While beverages include tea, coffee, soft drinks, packaged juices, energy drinks, packaged drinking water etc.

Personal Care, Oral Care, Hair Care and Skin Care

Such products include sanitary napkins, tissues, razors, shaving creams, shave-gel, anti-ageing products, shampoos, conditioners, lotions, cosmetics, deodorants, perfumes, hair oil, tooth-paste, tooth-brush, moisturizers, and cleansers, bathing soaps, body-wash and other toiletries.

Household care

Household care products consist of laundry soaps, synthetic detergents, dish washing liquid/gel, floor cleaners, toilet cleaners, air fresheners, insecticides and mosquito repellents, metal polish, furniture polish and so on (G.KANNAN, 2014).

Five Forces That Will Shape the FMCG Sector

A Billion New Consumers in Emerging Markets

This decade marks the tipping point in a fundamental long-term economic rebalancing. In the coming years, the growth of emerging markets will continue to outstrip that of the developed world by a wide margin. While the emerging countries in Asia—most notably China, India, and Indonesia—already had a significant share of global growth (18 percent) throughout the last decade, this growth share is expected to increase to nearly 30 percent in the next decade.

The Rise of the Digital Consumer

In figuring out how to win in this new digital world, CPG companies face some major strategic questions—including how to build a successful business through online retail channels, how to build brands and categories in a socially networked world, and how to exploit technology-driven opportunities to understand consumers more deeply and connect with them more often.

The Shift to Value

The global financial crisis has driven consumers to value offerings, and it is a trend that is likely to stick. Recent McKinsey research suggests that 70 percent of US consumers are looking for ways to save money.

The Impact of Demographic Shifts on Consumption Patterns

The United Nations projects that the total population of people older than 65 will double to 1 billion over the next 20 years. By 2030, one in four Western Europeans will be elderly, as will one in five North Americans.

Increasing Supply Chain Volatility

For the most successful CPG companies, globalized trading has represented a huge opportunity to expand into new markets and consolidate supply and

production. Yet globalization, combined with specialization, has also triggered a sharp increase in the global volatility of commodity input prices. (Ishan Chatterjee, Jörn Küpper, Christian Mariager, Patrick Moore, Steve Reis, 2010).

Background of the Selected Products of Reckitt Benckiser

In 2014, the company generated global net revenue of approximately 8.84 million pounds. In the 2014 fiscal year, Reckitt Benckiser's hygiene products category generated about 3.63 billion pounds (Statista Inc.).

	Health	Hygiene	Home	Food	Portfolio Brands	Total (%)
% Net Revenue	31	41	20	4	4	100

Source: (RB, 2014).

Among its (RB) bulky products line are five top-selling products- Harpic Cleaner, Dettol Soap, Mortein Coil, Trix Liquid, and Lysol Cleaner- which account for Reckitt's significant proportion of net revenue and consumer demands for these five products always remain at peak level. A background discussion of these five high-demand products follows:

Harpic Cleaner

Harpic Cleaner has roughly 83 percent of total market share in toilet cleaning category with increasing sales in Bangladesh and it is market leader in toilet cleaning. Currently in Bangladesh, It has a range of cleaning items - HARPC BD Plus 500 Trix 100 (MRP Tk.85), HARPC BD Plus 750Trix325 (MRP Tk.105), HarpicFlushmatic. 50gm-Import (MRP Tk. 90), Harpic Power 1 Lt-5X Complete (MRP Tk.130)and Harpic Power 1 Lt-5X Complete (MRP Tk.125), Harpic Power 225ml-5X Complete MRP Tk.40) - in its profile with varying sizes, types, and prices. RB often offers free stuff to its consumers with its product offerings. Plastic mug, for instance, is provided free with Harpic Cleaner. Vanish of ACI Limitedand Turbo of Chemtrek Industries are some significant rivals of RB` Harpic in Bangladesh.

Dettol Soap

As the world's leading brand of antiseptics and a trusted champion of family health, Dettol products offer a high standard of germ kill and are recommended by healthcare professionals for their proven ability to keep families healthy. Dettol Soap has a wide range of items with varied colors, flavors, sizes, and prices in Bangladesh, such as Dettol Cool Soap 75g-Pig/Coral MRP Tk.28), Dettol Re-energizer Soap 75g-Coral (MRP Tk.28), Dettol Skincare Soap 75g-Coral (MRP Tk.28), Dettol Soap Cool 125gm-Pig/Coral (MRP Tk.42), Dettol Soap Skin Care 125g-Coral (MRP Tk.42),

Dettol BD LF 75 G x144pcs (MRP Tk.28) and so on. Dettol Soap has to maintain a stiff competition with its key rivals, – Lifebuoy Soap of Unilever and Savlon Soap of ACI Limited.

Mortein Coil

Once Mortein Coil was unparalleled market leader in Bangladesh with around 87 percent of total market share and it was staple generator of RB's total revenues. But now Mortein Coil is staying at a glaring approximately 20 percent of total mosquito coil market. MorteinPowerGard Mega Coil-6 Pair (MRP Tk.50), MorteinPowerGard Mega Coil-48SkT (MRP Tk.50), MorteinPowerGard Mega Coil-6 Pair (MRP Tk.50), MorteinPowerGard Booster Coil (MRP Tk.32, and Mortein BD PB Hex 4+1 CP (MRP Tk.128) fall in a range of RB's coil. Major competitors of Mortein Coil are ACI Coil, Elephant Coil, Jumbo Coil, ARS Coil etc.

Trix Liquid

Trixis a completely new dishwashing solution and .It can be used on all types of utensils including steel, non-sticky, glass,porcelain etc. Reckitt Benckiser in Bangladesh sells a variety of Trix Liquid including TrixLemn250ml Poly Pch-24 Pc (MRP Tk.35), Trix Lemon 500ml-InHouse/20/= Off (MRP Tk.60), Trix Lemon 500ml-Inhouse (MRP Tk.80), Trix Mint 250ml Poly Pch-24 Pc (MRP Tk.35), Trix Mint 500ml-IH/20/= Off (MRP Tk.60) and Trix Mint 500ml-Inhouse (MRP Tk.75).

Lysol Cleaner

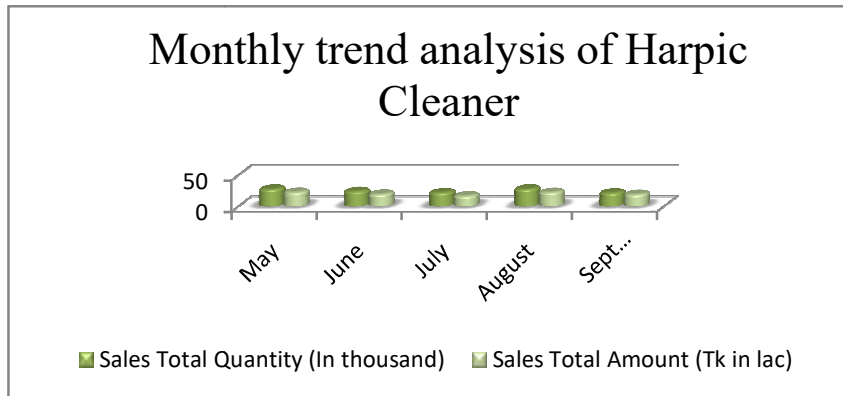
Lysol is a brand name of cleaning and disinfecting products distributed by Reckitt Benckiser. Lysol claims to destroy 99.9 percent of viruses and bacteria; those it doesn't wipe out usually survive in cracks and porous surfaces. Lysol 500ml Floral-Inhouse (MRP Tk.110), Lysol 975ml Citrus-Inhouse (MRP Tk.200), Lysol 975ml Citrus-Inhouse (MRP Tk.200), Lysol BD Citrus 500 FC Free (MRP Tk.110), Lysol BD Floral 500 FC Free (MRP Tk.110) and Lysol BD Lavend 500 FC Free (MRP Tk.110).

Source:(Officials R. B., 2015)

Performance Evaluation, Including Monthly Trend Analysis

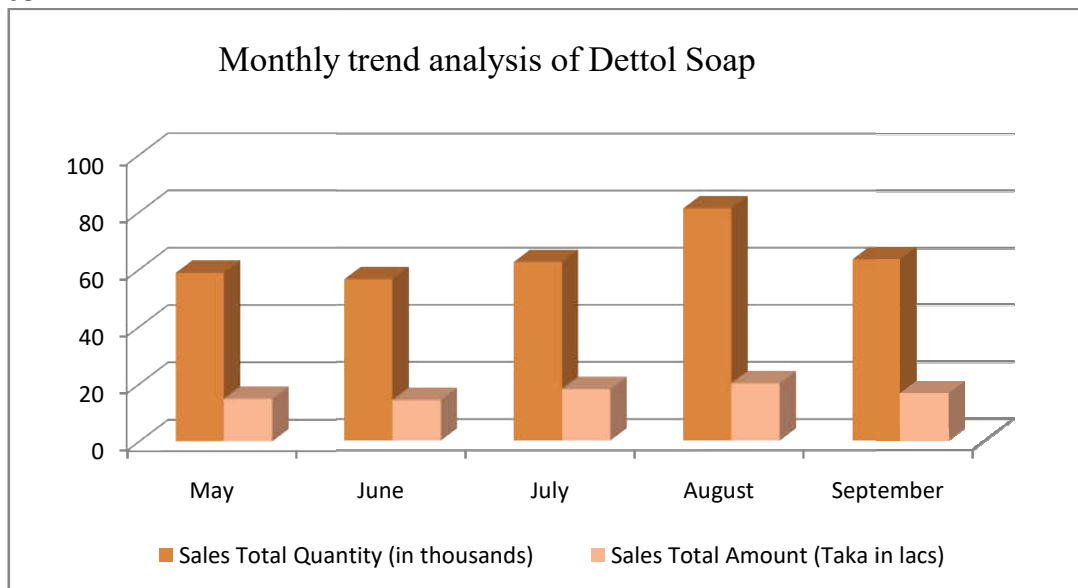
Monthly trend analysis of Harpic Cleaner

Observation at the figure shows that sales of Harpic Cleaner in May were roughly 28 thousand units, but sales in next two consecutive months-June and July- saw a steady decline. After a two consecutive monthly falls in both total units and revenues, August enjoyed a glaring rise in both total units and returns. But again there was a sharp decline in September, with 6000 units fewer in total units sold in August.



Monthly trend analysis of Dettol Soap

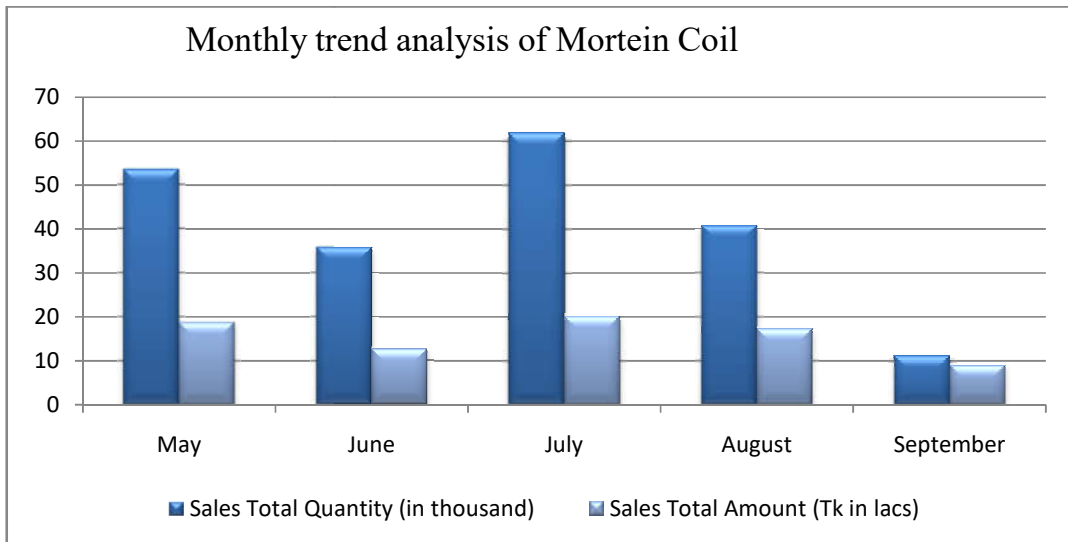
There is not much difference between revenue earned in both May and June with just a slight difference of roughly 1500 units of Dettol Soap. It is clear that the sales in July were roughly 6000 units more than that in June. Strikingly August saw a steep boost, reaching a total of about 81 thousand units and thus accounted for highest revenue (slightly above Taka 2 millions). But September experienced a big collapse in both total units and revenue, from previous nearly 81 thousand units of August to slightly above 63 thousand units.



Monthly Trend Analysis of Mortein Coil

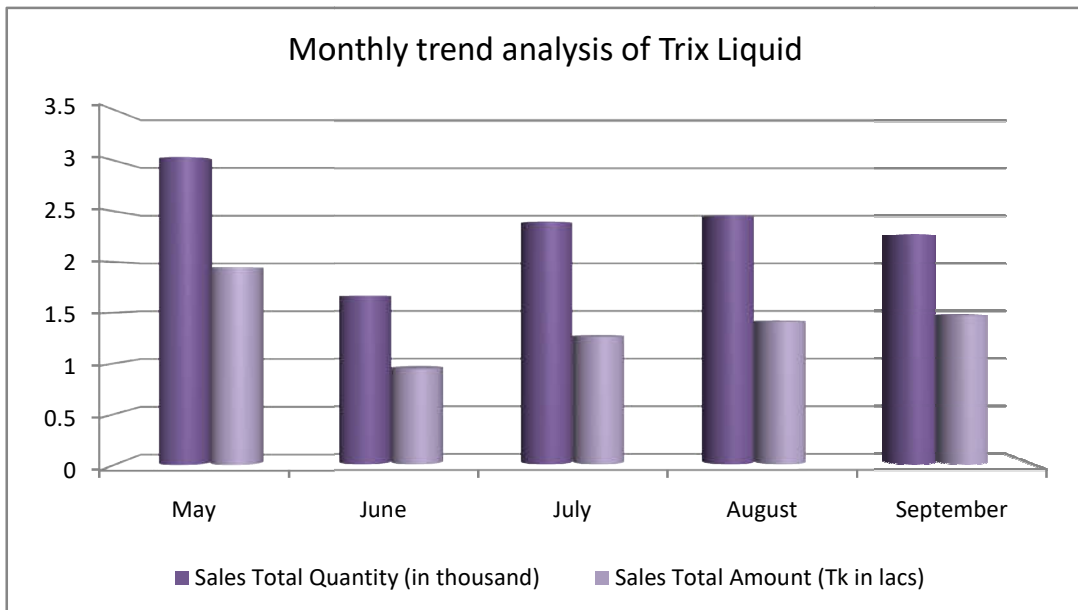
The chart above shows that May and July had healthy sales figures-nearly 53 thousand units and roughly 62 thousand units respectively. Both units sold and revenue earned in September were drastically low, accounting around 11 thousand units sold and nearly .9 million in revenue from Mortein Coil. Thus Mortein saw a massive fluctuation in sales over the five month period.

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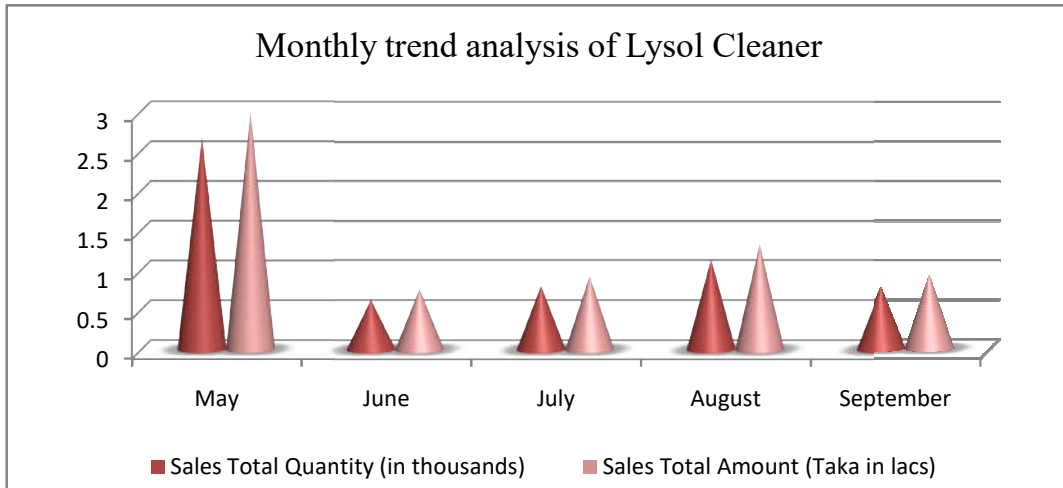
Monthly Trend Analysis of Trix Liquid

The figure shows that sales total quantity of Trix Liquid in May was nearly 3 thousand units with the revenue of approximately 0.2 million. But the units sold and revenue earned in June again reached at half of those of preceding month. Sales figures for last three months remained almost stable with no significant growth, staying at slightly above 2000 units and nearly Taka 150000 in revenues.



Monthly trend analysis of Lysol Cleaner

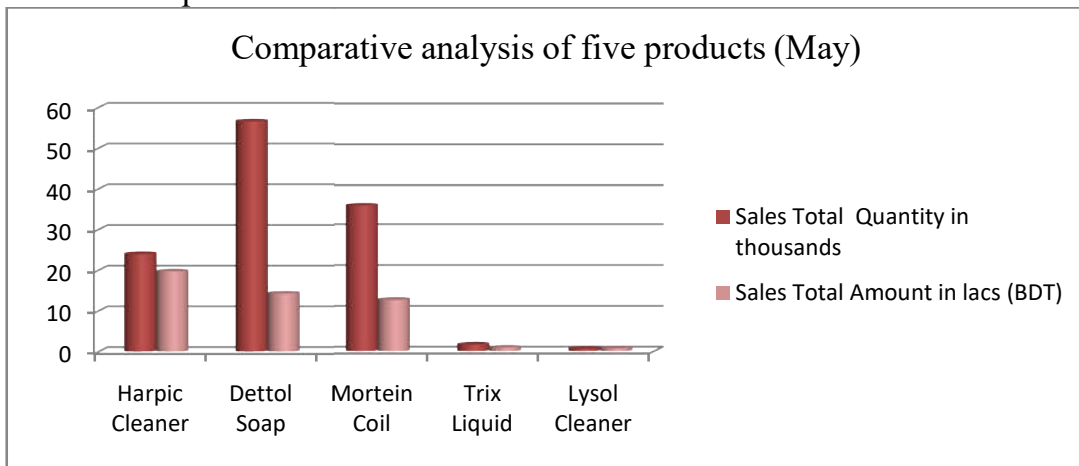
Sales of Lysol Cleaner in May were roughly above 2.5 thousand units, with generating a revenue of nearly .3 million. Sales of Lysol Cleaner in August again had an increase, reaching at above one thousand units, but September saw a glaring fall again with almost similar figures shown for June and July.



Comparative Analysis of selected products month wise

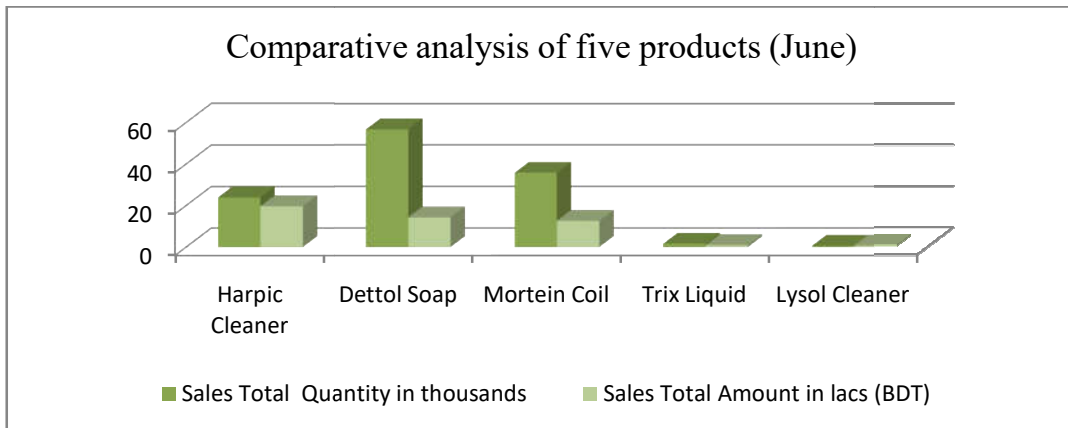
Comparative Analysis of Five Products (May)

In May, Harpic Cleaner accounted for 27 thousand units in total quantity sold, generating around 2.3 million in sales revenue. The figure indicates that though Dettol Soaps were sold in highest quantity (Approximately 59 thousand units) in May, it stays in third position in terms of generating revenue after Harpic Cleaner and Mortein Coil (nearly Taka 1.9 million). The quantity of Trix Liquid sold were more than those of Lysol Cleaner, but Lysol sales amounts (nearly Taka .3 million) higher in revenue than Trix Liquid did.



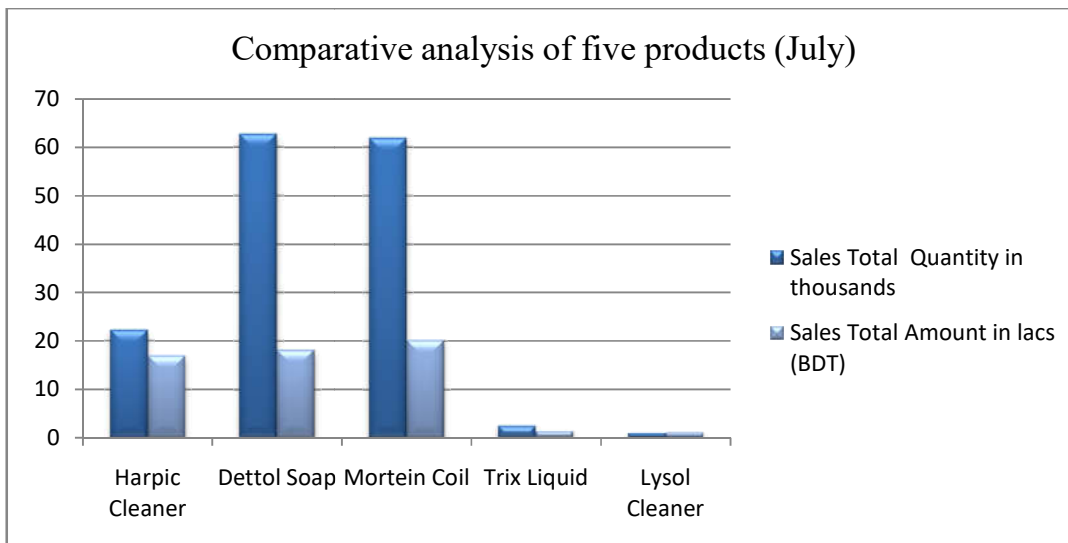
Comparative analysis of five products (June)

The bar chart above depicts that Dettol Soap makes up top place in sales total quantity (nearly 57 thousand units) among five top-selling products of Reckitt Benckiser in June, with keeping Mortein Coil in second position that accounts for nearly 36 thousand units, but generates nearly Taka 1.4 million in revenue, following roughly Taka 2 millions. Lysol Cleaner, with both total units sold and revenue earned resides in the bottom of the basket.



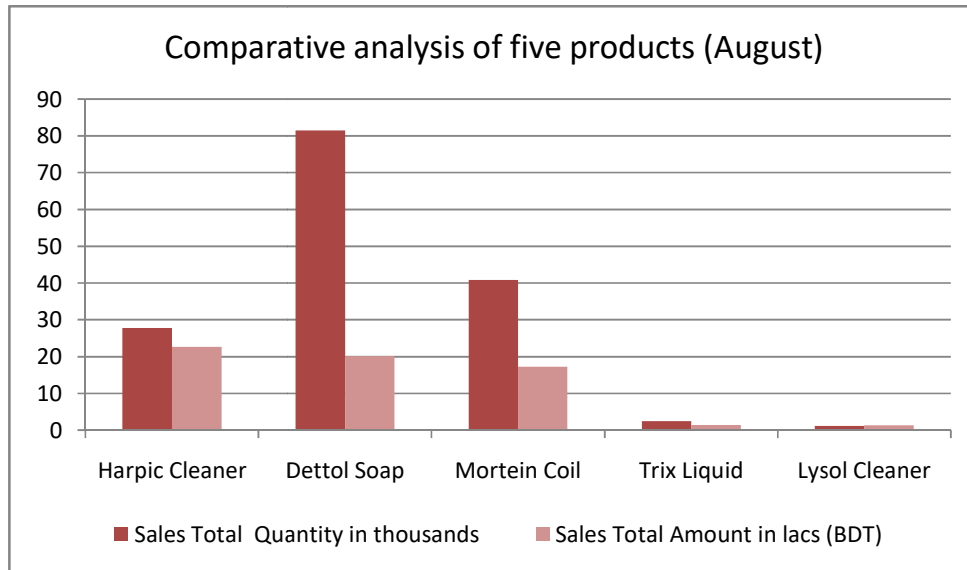
Comparative analysis of five products (July)

The analysis of July sales figure shows that total units of two products – Dettol Soap and Mortein Coil- sold are roughly same (some 62 thousand units) but Mortein Coil, summing to slightly more than Taka 2 millions, remains as top producer of revenues among five. During the same period, Harpic Cleaner with both total units (slightly above 22 thousand) and nearly 1.7 millions of returns, takes third place, while both Trix Liquid and Lysol with insignificant sales statuses indicate staggering performance, accounting below 3000 units individually.



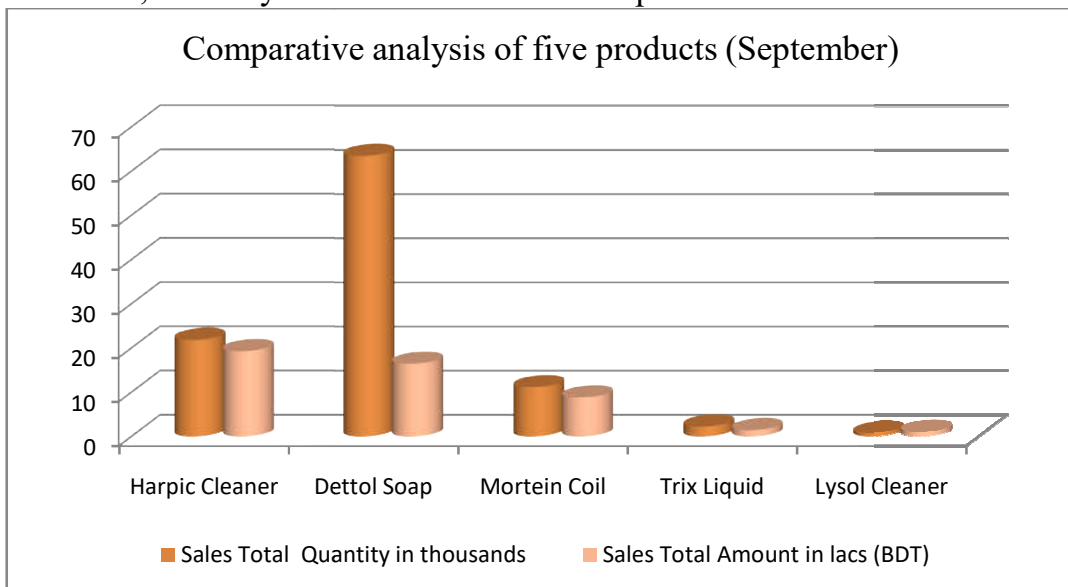
Comparative analysis of five products (August)

The graph illustrates that Dettol Soaps (slightly above 81 thousand units), in terms of sales total quantity in August, were sold twice more than Mortein Coil (almost 41 thousand units) and three times more than Harpic Cleaner that accounts for nearly 28 thousand units in August. Albeit Harpic Cleaner is responsible for third total units sold in the list, it earns highest amount of returns. The figure also demonstrates that Lysol Cleaner in context of both sales total units and total returns is accountable for lowest performance.



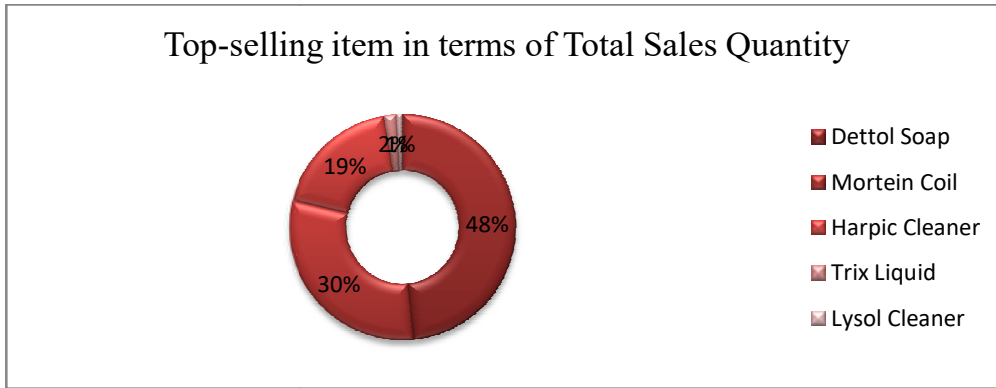
Comparative Analysis of Five Products (September)

It is noticeable that Harpic Cleaner tops in the list in terms of revenues, accounting to just above Taka 1.9 millions in September but stays in second place with sales of about 22 thousand units after Dettol Soaps that were sold roughly 64 thousand units. Though total units of Mortein Coil (only slightly above 11 thousand units) sold in September are glaringly fewer than those of Dettol Soaps, revenue earned from Mortein Coil, accounting nearly Taka .9 million, is nearly half of that of Dettol Soap.



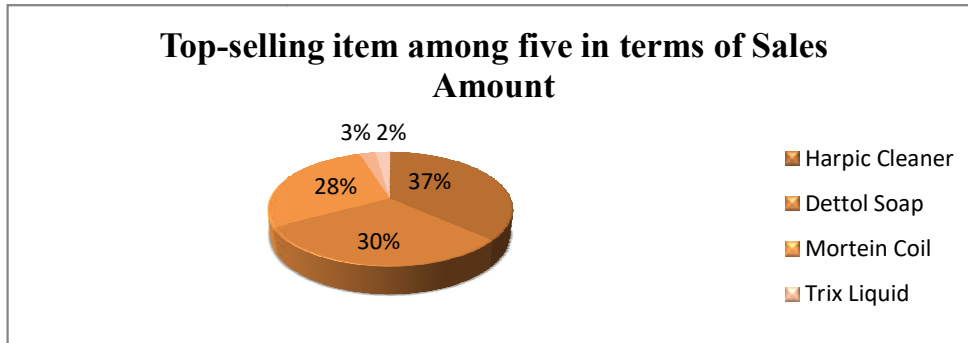
Top-Selling Item In Terms Of Total Sales Quantity/Highest Quantity Sold

The figure above illustrates that among five top-selling products of Reckitt Benckiser in Sylhet metro city, Dettol Soap remains at top position in terms of total quantity over five months period, amounting to almost 50 percent. On the other hand, Lysol Cleaner ranks at bottom in the list.



Top-Selling Item among Five In Terms of Sales Amount/BDT

Looking into the chart, it is seen that Harpic Cleaner generates highest amount of revenue (37 percent) among five products in the city, keeping Dettol Soap, amounting to 30 percent of total revenue, in second position in the list. On the contrary, Lysol Cleaner generates the lowest amount of total sales.



Findings

- Among five products of RB in Sylhet metro city, Harpic Cleaner, Dettol Soap and Mortein Coil always remain at peak, while performance of Trix Liquid and Lysol Cleaner is insignificant.
- According to local officials of RB, Mortein Coil was once top performer in the region. A research study revealed that the use of chemical substances if used crossing the prescribed amount, creates lethal diseases among human beings. Mortein Coil does not kill mosquitoes but drives them away due to the use of prescribed chemical substances in the coil. But being unaware of grim consequences of excessive use of chemicals, consumers want highly toxic coils that swiftly kill mosquitoes and this suicidal behavior of consumers led many local coil manufacturers to use chemical substances in excessive amount. Besides, carelessness of concerned government agencies motivated these nasty manufacturers to earn huge profits. But as a foreign company, RB has to comply with national and international standards. Thus, RB's sales growth of Mortein Coil has been shrinking steeply

- Monthly trend of products shows that there is no steady pace in sales growth. If first month enjoys steep sales, next month sees a downward figure.
- Dettol Soap tops in terms of sales total quantity, while Harpic Cleaner earns highest amount of revenue.
- Transportation of products from manufacturing plant takes too much time. Thus distributors have to wait for the arrival of products for longer time.
- Certain products have strong demand, but retailers and consumers sometimes do not get them in time for unavailability of products in the storehouse.
- Distributors outside the metro city often sell products in metro market, overtaking metro distributors. These outside distributors compromise in profits and thus are also responsible for lower performance of RB's metro distributors.

Recommendations

- Compared to its major market rivals such as Unilever Bangladesh, ACI Limited, Reckitt Benckiser's presence on television commercials is still not adequate to draw consumer attention significantly. So Reckitt Benckiser needs to invest heavily on television commercials because Unilever Bangladesh and ACI Limited are the most pronounced companies to consumers for their heavy consumer-centric promotions.
- Apart from television commercials, Reckitt Benckiser has glaringly low promotional engagement with print media which are tremendously important determinants of consumer preferences. Hence, it is the demand of time to launch heavy promotional activities on print media to ensure the spread of words about RB to augment sales growth.
- RB's key competitors-Uniliver Bangladesh, ACI Limited etc- sponsor in large amounts to various national and local events, such as sports events, cultural programs, religious festivals and thus air their promotional activities. But RB in that case is still far behind in Sylhet metrocity as well as in national level. RB, therefore, has to put strong attention to boost engagement with national and local events.
- RB frequently launches sales promotions, offering various types of free items in large quantity to its retailers to give financial motivation. But many of its sales representatives and intermediary supporting bodies show poor accountability and transparency for their personal profits, depriving of both the company and deserving retailers from mutual benefits. Thus, RB should emphasize strongly on accountability and transparency, ensuring heavy commitment of sales representatives and intermediaries to the company.

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- Some of its products perform very well, but some remain low sales performance, compared to its same rival products. Thus, RB needs to maintain balanced promotions to augment sales growth for all products, not for only some specific products.
- Inadequacy of dynamic sales representatives who can give powerful customer insights needs to be addressed in priority basis.
- RB needs to ensure the incessant availability of products in its storehouse for uninterrupted distribution.

Conclusion

Reckitt Benckiser (Bangladesh) has been performing slightly well in Sylhet metro, but still it is lagging behind in comparison to its main competitors. RB has a strong and innovative pool of products which could lead it to top performers in all categories. There is a glaring fluctuation in its monthly sales figures and also an uneven performance in sales. To plug in the performance gaps, RB needs to pay close attention to identify loopholes that are hindering the bright potentials of its products, invest heavily on promotional activities, and have strong engagement with local events, and local electronic and print media. Implementing proper actions in time can ensure overall performance of RB in Sylhet metro city since it has diversified and promising product base.

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