

WHITE AND TIDY

CASE PROBLEM

White & Tidy is a new detergent brand operating under the parent company of ICGL (India Consumer Goods Limited) and wants to capture the market share in the detergent segment in the Indian market. This is because the detergent market has been growing at an unprecedented rate as more and more people are getting uplifted from poor sections of the society contributing to an increase in the middle-class consumers with higher disposable incomes which makes them a target market for washing machine producers and subsequently for detergent markets. The global demand for laundry detergent market was USD 133.3 billion in 2016 and is expected to grow at a CAGR of around 4.9% from 2017 to 2025 to exceed a total revenue of USD 205.2 billion by 2025. India being the second most populated country, having a total population of 1380 million citizens, with rising per capita income is the perfect haven for expansion of the detergent market. In order to gain market share in the Indian market White & Tidy would compete with already established detergent brands, namely, Turf & Excel; Derma; Sariel; No Stains and Tanish.

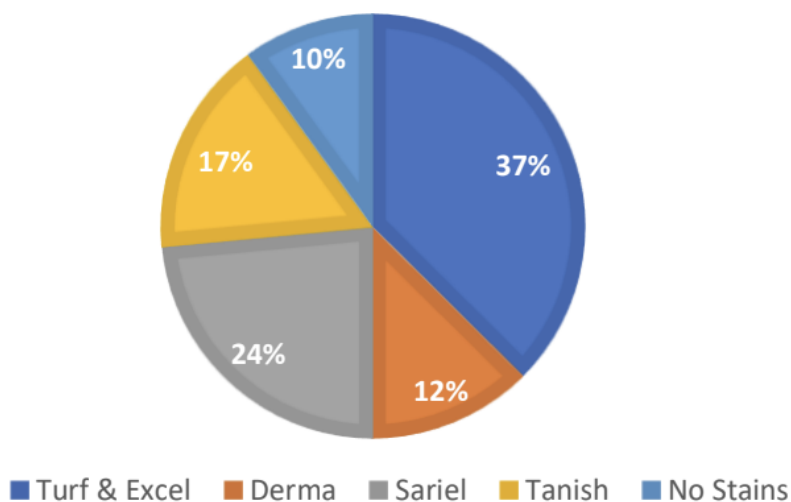
Following is the market share held by each of the companies' pre-launch of the White & Tidy brand:

White & Tidy hired a third party consulting firm, KcJohn Consulting LLC, to conduct a market survey of the existing players in the market, their market share, and the probability of a rational consumer choosing a particular brand. The consultants also informed the board of the company, about an interesting fact they observed during their period of study, they observed that the consumers preferred to switch between brands on a rotational basis rather than sticking to one brand.

Their findings are presented in the table below:

BRANDS	Market share	Probability
Turf & Excel	37.50%	3/8
Derma	12.50%	1/8
Sariel	23.50%	47/200
Tanish	16.50%	33/200
No Stains	10%	1/10
	100.00%	1

MARKET SHARE PRE-LAUNCH



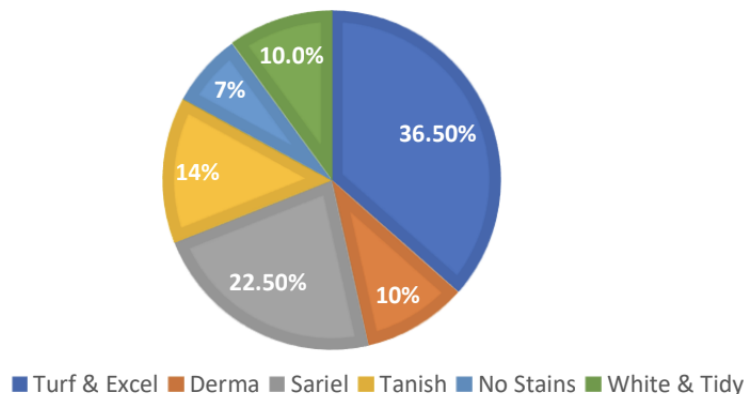
As White & Tidy operates under ICGL, a renowned brand in the FMCG sector, the consumers have a positive outlook towards the new detergent brand as per the pre-launch survey conducted by the marketing team of the company. The sample tests have delivered good results and the same can be inferred by analyzing post sample test surveys with a reasonable number of consumers willing to give a try to White & Tidy instead of their regular detergent brand. With a market penetration price of ₹120 for 1 kg pack and extensive

distribution channels of ICGL, the parent company, it is estimated that White & Tidy can capture a good market share initially. The management also realized that they would have to cut down heavily on their costs in order to offer the products at such a competitive rate. In an attempt to do so, they decided to set up their production facility near the Thalliva village in Rajasthan, where they knew they would be able to find cheap labour, subsidized electricity and land available at very low rental costs, the only drawback of this decision was that since the factory was located in a remote location, 1 in 10 packs of the detergent would not be able to sustain the commute to other locations.

Following is the estimated market share of the detergent brands post-launch of White & Tidy:

BRANDS	Market share
Turf & Excel	36.50%
Derma	10%
Sariel	22.50%
Tanish	14%
No Stains	7%
White & Tidy	10.0%

MARKET SHARE POST LAUNCH



The challenge that lies ahead in front of the detergent brand is that the introduction of the White & Tidy detergent is time sensitive, and the above estimates can be achieved when the company doesn't delay the launch. To achieve the launch of the detergent within the available time frame it is imperative to have the production line scaled up with respect to the expected demand by the consumers to make sufficient quantities of the product available in the shelf lines. The demand for detergent can be estimated by calculating usage by both commercial organizations and households. As per sample survey testing it can be deduced that 1 Kg of W&T can wash 5 clothes for 40 days regularly which is at par with the other brands and fairly better than that capability of No Stains detergent which stands at 1 kg for 7 clothes for 25 days.

As per the census report of India the total population of the country is bifurcated into two sections Urban and Rural (4:6). Average family size in Urban and Rural areas is 3 and 5 respectively and average number of clothes washed per person per day in urban and Rural areas 6 and 4 respectively. Assume there are 300 hotels with laundry service in the urban and rural sectors combined and average number of clothes washed per day per hotel is 1000.

Using the above stated information calculate the estimated production per day for White & Tidy detergent to cater the required market share.

CASE SOLUTION

Problem Statement:

Estimate the required production per day for White and Tidy detergent to cater the required market share.

Assumptions:

1. Since 1 in 10 packs of the detergent would not be able to sustain the commute to other locations, we assume that 10% of the total production gets damaged.
2. White and Tidy's estimated market share post launch = 10%
3. Total Population of India = 1380 million = 138,00,00,000
4. Ratio of Urban to Rural Population = 4:6
5. 1 kg of White and Tidy washes 5 clothes for 40 days = $5 \times 40 = 200$ clothes/day
Using unitary method,
Amount of detergent used for 200 clothes/day = 1 kg
Amount of detergent used by 1 cloth/day = $1/200$ kg
6. 1 unit of White and Tidy = 1 kg of W&T detergent

Solution:

A. Household Market of White & Tidy

Given that Total Indian Population is 1380 million and W & T's market share is 10%,

$$\text{White \& Tidy's market} = 10\% \text{ of } 1380 \text{ million} = 138 \text{ million} = 13,80,00,000$$



Particulars	URBAN MARKET (40%)	RURAL MARKET (60%)
Size of the market	40% of 138 million = 55.2 million	60% of 138 million = 82.8 million
Average no. of clothes washed	6 clothes/person/day	4 clothes/person/day
Clothes washed per day	6 x 55.2 million = 331.2 million/day	4 x 82.8 million = 331.2 million/day
Detergent required (in kgs)	331.2 x 1/200 = 1.656 million kgs/day	331.2 x 1/200 = 1.656 million kgs/day

Total detergent demand by White & Tidy's household market (Rural + Urban) = 1.656 + 1.656 = 3.312 million kgs = 3.312 million units

B. Commercial Market of White & Tidy

Number of hotels = 300

White and Tidy's commercial market share = 10% of 300 = 30 hotels

Average clothes washed per hotel = 1000/per day

Total clothes washed = 30,000 per day = 0.03 million per day

Total detergent required (in kgs) = 0.03/200 = 0.00015 million kgs per day

Total detergent required by White & Tidy's commercial market = 0.00015 million kgs = 0.00015 million units

Total Market Requirement of White & Tidy detergent per day = A + B = 3.312 + 0.00015 = 3.31215 million units

Since 10% of units get wasted during transportation,

Let's assume, **Total estimated production of W&T per day = y**

$$y - 10\% \text{ of } y = 3.31215 \text{ million}$$

$$y - y/10 = 3.31215$$

$$(10y - y)/10 = 3.31215$$

$$9y/10 = 3.31215$$

Therefore, y = 3.68017 million kgs

Hence,

Total estimated production of White & Tidy detergent per day to cater the required market share = 3.7 million units (approx.)



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