

Beiersdorf AG STP (Segmentation, Targeting, Positioning)

Marketing strategies and current marketing mix of the company

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Introduction

Marketing plays a pivotal role in today's business processes, serving as a link between companies and customers. In a time of rapid technological development and constantly changing customer preferences, marketing strategies have become essential for organizations to achieve their goals. A wide variety of customer preferences have created the necessity for a complex marketing approach that will understand the needs of the targeted audience and will satisfy the demand of the client. Thus, over the last decades, the significance of marketing in setting strategic directions has been reviewed and accepted as a tool to influence the overall culture of firms (Hooley, 2019, p. 6)

Beiersdorf AG, a global leader in the skincare industry that produces personal care and self-adhesive products and sells these products under NIVEA, Labello, Aquaphor, Elastoplast, Eucerin, La Prairie, 8X4, Atrix, Coppertone, SLEK and Tesa brand names, employs effective segmentation, targeting, and positioning strategies to reach its diverse consumer base (MarketLine, 2023, p. 32). These strategies allow Beiersdorf to understand consumer needs, tailor its products and marketing messages, and maintain a competitive edge in the market. This blog explores the segmentation, targeting, and positioning strategies used by Beiersdorf AG, and the marketing mix strategies used by the company.

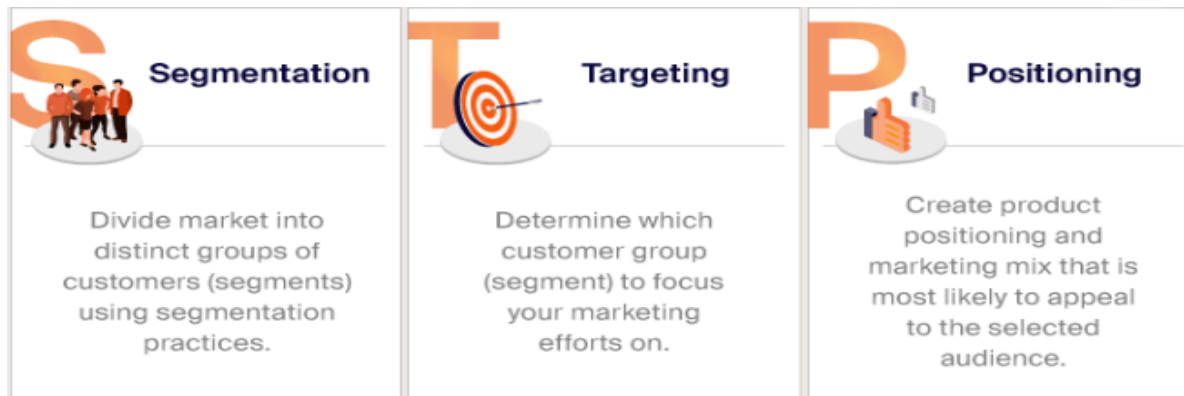
Beiersdorf AG marketing strategies and 4Ps marketing mix

STP Marketing Strategies

Being a brand that conducts its business globally, Beiersdorf AG STP (segmentation, targeting, positioning) process incorporates countless factors to be considered as each of the areas in which the company is conducting the business has its own characteristics that influence the needs of the customers. According to Beiersdorf AG's annual report for the year 2022, the company spent €2,998 million on marketing and selling expenses (Beiersdorf AG, 2022).

To apply effective marketing strategies, the company is dividing the market into smaller segments to conduct accurate research that will identify the market segment demands. The process is called segmentation and can be conducted within various aspects of a certain

community or area. Therefore, the market can be segmented by its demographic, geographic, psychographic, and behavioral aspects (Kotler, Phil T., et al., 2019, pp. 200-205).



(Mackeviciute, 2022)

According to Usunier (2012, p. 2), cultural contrast is one of the most notorious factors in shaping marketing strategies, thus outlining the importance of demographic segmentation. Subsequently, one key segmentation strategy for Beiersdorf is demographic segmentation, where the company considers factors such as age, gender, income, and lifestyle. For instance, their NIVEA brand caters to both men and women across different age groups, offering specialized products for different skin types and concerns. In addition to demographic segmentation, Beiersdorf also utilizes psychographic segmentation, considering consumers' attitudes, values, and behaviors. This allows Beiersdorf to create targeted marketing campaigns that resonate with specific consumer groups. For example, their Eucerin brand focuses on consumers with sensitive skin, providing products that address their unique needs and concerns (Beiersdorf AG, 2022).

Consequently, after rigorous segmentation, targeting is the next process to be incorporated into the marketing process. According to Kotler (2019, pp. 207-214), targeting is the process of evaluating the market segment's attractiveness in terms of profitability and choosing the ones that will generate the most revenue. There are 3 widely known targeting strategies that are commonly used by companies to achieve desired results:

- I. Undifferentiated marketing is a type of strategy that uses one marketing mix for all the customers in that market. Usually, this type of strategy is used when the product is a

common need for customers in that market and is designed to appeal to many buyers. An example can be water, paper, or other goods used daily.

- II. A differentiated market is a type of strategy that is designed to target segments of the market with a different strategy mix for each segment. This type of strategy is used when companies decide to increase sales by delivering the desired product to each segment. This type of strategy is more expensive to sustain as many more resources are needed to research the market and implement the marketing techniques. An example of this kind of strategy can be Nivea's product lines as they are offering diverse types of products for kids, teenagers, adults, and seniors. For each demographic segment, the company has in place a different marketing strategy.
- III. Concentrated marketing is a type of strategy that delivers all the input to a small segment of the market. This type of market is beneficial for new entries in the business as the companies can concentrate all their effort on that specific segment, consequently avoiding large-scale expenses. For example, EasyJet, a low-cost travel company that began the activity in 1995 with just 2 itineraries inside Great Britain, subsequently expanded to one of the biggest and most successful low-cost flight companies.

Beiersdorf identifies high-potential segments based on factors such as market size, growth potential, and compatibility with the company's capabilities. By targeting specific segments, Beiersdorf can allocate resources more efficiently and tailor its products and marketing strategies to meet consumer demands. Beiersdorf AG uses a differentiated marketing strategy by targeting several market segments with different offers for each of them (Beiersdorf AG, 2022).

A crucial step in the long-lasting effect on consumer loyalty is the value aspect of the product within a specific segment of the market. The product position can be described as the value place of the product in the mind of a client relative to the competitor's products. The value of the product is determined by a mix of factors like the price for the quality, the sustainability of the production as a trend in today's environmental situation, the packaging aspect that creates an idea of uniqueness, etc (Kotler, Phil T., et al., 2019, p. 217).

Beiersdorf's positioning strategy involves creating a unique and favorable image for its brands in the minds of consumers. They strive to differentiate their products from competitors through attributes such as quality, innovation, and trustworthiness. For example, one of the company's brands, NIVEA, positions itself as a reliable and family-friendly brand, emphasizing its long-standing heritage and commitment to skincare expertise. Furthermore, Beiersdorf focuses on sustainability and social responsibility to enhance its brand positioning. They emphasize

environmentally friendly practices, ethical sourcing, and community initiatives, appealing to consumers who prioritize sustainability in their purchasing decisions (Beiersdorf AG, 2022).

4Ps Marketing Mix

Beiersdorf AG is a renowned global skincare and cosmetics company that has achieved remarkable success by effectively implementing the marketing mix. The marketing mix, also known as the 4Ps (Product, Price, Place, and Promotion), is a set of strategic tools that businesses utilize to achieve their marketing objectives.



(Introduction to Business, 2023)

Beiersdorf AG's commitment to developing innovative and high-quality skincare and cosmetic products sets it apart in the competitive beauty industry. The company recognizes the importance of meeting the diverse needs of its customers and strives to offer a comprehensive product range that caters to a wide array of preferences.

One of the primary considerations in Beiersdorf AG's pricing strategy is product quality. The company invests heavily in research, development, and sourcing of high-quality ingredients, ensuring that its skincare and cosmetic products deliver exceptional results. By offering products of superior quality, Beiersdorf AG establishes a solid foundation for setting prices at a level that reflects the value customers receive from using their products.

Brand reputation is another critical aspect that influences Beiersdorf AG's pricing decisions. The company's brands, such as NIVEA, Eucerin, and La Prairie, have built a reputation for reliability, trustworthiness, and effectiveness over the years. This brand equity allows Beiersdorf AG to command premium pricing for its products, as customers are willing to pay a higher price for the assurance of quality and the association with renowned brands.

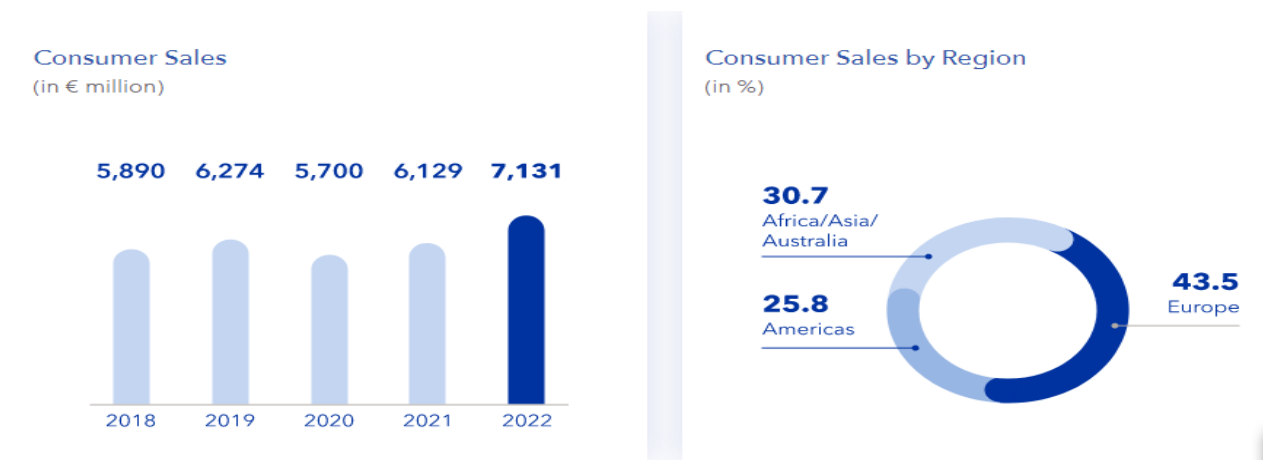
Market competition is a key consideration for Beiersdorf AG when determining its pricing strategy. The company conducts thorough market research to understand the pricing landscape, competitor offerings, and customer preferences. By evaluating the pricing strategies of its competitors, Beiersdorf AG ensures that its prices remain competitive and attractive to its target market.

To cater to a wide range of customers with varying budgets and preferences, Beiersdorf AG offers products across different price points. This allows customers to choose products that align with their financial capabilities without compromising on quality. In addition to its regular pricing strategy, Beiersdorf AG employs promotional offers, discounts, and loyalty programs as part of its marketing mix. These initiatives are aimed at enhancing customer loyalty, attracting new buyers, and incentivizing repeat purchases. By combining a value-based pricing approach, a diversified pricing structure, and strategic promotional initiatives, Beiersdorf AG effectively balances profitability and customer satisfaction. The company's pricing strategy ensures that customers perceive its products as a worthwhile investment and encourages long-term engagement, contributing to Beiersdorf AG's success in the competitive skincare and cosmetic market (Beiersdorf AG, 2022).

Beiersdorf AG, a global company, has established a robust distribution network to effectively reach consumers worldwide. This network encompasses various distribution channels such as retail stores, supermarkets, pharmacies, and e-commerce platforms. By strategically positioning its products in key locations and collaborating with reputable retailers, Beiersdorf AG ensures widespread availability and accessibility to customers. Additionally, the company places significant emphasis on global expansion, allowing it to enter emerging markets and seize new

avenues for growth. Through these measures, Beiersdorf AG optimizes its reach and capitalizes on diverse opportunities for success (Beiersdorf AG, 2022).

The figures in the Beiersdorf AG consumer sales graphs serve as proof of an efficient place and promoting strategy implementation.



(Beiersdorf AG, 2022)

Promotion plays a crucial role in Beiersdorf AG's marketing mix. Through various marketing channels, the company effectively communicates its brand message and promotes its products. Beiersdorf AG implements integrated marketing communication strategies, utilizing a mix of advertising, public relations, social media, and influencer collaborations. The company invests in targeted advertising campaigns to create brand awareness and engage with its target audience. Furthermore, Beiersdorf AG leverages digital platforms to foster customer engagement, provide educational content, and encourage user-generated content, thereby strengthening its brand image and building customer loyalty (Beiersdorf AG, 2022).

Conclusion

Beiersdorf AG's success in the beauty industry can be attributed to its well-executed marketing mix strategies. By focusing on product innovation, value-based pricing, extensive distribution, and effective promotion, the company has been able to meet the needs of its customers, build brand equity, and capture a significant market share. As Beiersdorf AG continues to evolve and adapt to changing consumer preferences, its commitment to the 4Ps of marketing will remain pivotal in sustaining its competitive advantage and driving future growth. By understanding consumer needs, tailoring products, and marketing messages, and maintaining a strong brand image, Beiersdorf remains a leader in the skincare industry.

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