Study Case Analysis - Old Spice

AMB320- Advertising Management

Alex Igoe | N8887781 | Nick Pontes | Tuesday 5 - 6pm

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Old Spice:
Repeating Success in the Face of Competitive Threat

Overview

In the previous fiscal year the members of the Old Spice team revitalised the Swagger campaign, moving the scent from the worst-performing to one of the top three in the portfolio and resulting in growth for the entire Old Spice brand. Following their recent success, the Old Spice team members had set a high bar for themselves, wanting to not been seen as one-hit wonders. The Old Spice team’s planning was temporarily disrupted by news that competitor Unilever announcing that its Dove for Men (DFM) line would advertise during the Super Bowl. Now they had been given the added challenge of having to decide whether to devote further time and effort to respond to a competitive threat.

Opportunity Statement

Moving on from Swagger’s success the Old Spice team wish to avoid becoming one-hit wonders, needing to decide whether to change its target or positioning in response to the competitive launch in men’s hygiene.

Key Factors

1. Success of Swagger
The revamped campaign triumphed expectations when it catapulted the scent from the worst-performing to one of the top three of the brand. This advertising success created a “halo effect”, bringing about an increase in growth for the entire Old Spice brand. This was despite Swagger not supporting the broader brand. A successful social media effort “Swaggerize Your Wallet” increased sales by about 55% above the traditional media efforts. The team’s repositioning of Swagger became the model within P&G for an outstanding turnaround. However, it is a concern of the Old Spice team that the Swagger campaign has reached its climax and its success may have an expiry date. It may be time to move on to another challenge.

2. Dove introducing body wash for men
Whilst planning the next step it was announced that the Dove for Men (DFM) line would make its U.S. advertising debut in February 2010 with a focus on body wash. Although Dove is recognised as a feminine brand, women make up more than 60% of the purchases of men’s body wash. Whilst Dove for Men targets the man, it facilitates the purchases - Dove’s loyal female fans - to purchase the product for their partner and sons.

3. DFM Super Bowl Advertisement
Competitor Unilever upped the game when it announced plans to advertise during the Super Bowl, which had a huge audience of over 100 million viewers. The advertisement would focus on DFM’s body wash, a category Old Spice was considering on promoting
before the news. The Old Spice team ought to consider whether DFM’s launch requires them to counteract with modifications to their own advertising strategy.

4. Cost of Super Bowl Entry
Weighing heavily on the Old Spice team was the decision to advertise in the Super Bowl. It would be the first time for Old Spice and a rarity for P&G as a company as the heavy entry costs is enough to deter any successful company. A thirty-second appearance would cost an approximate $3.4 million, a huge some of money when Old Spice constitutes only 1% of P&G’s portfolio. DFM’s sixty-second advertisement will cost an estimated $7 million, resulting in DFM spending more on its February launch than Old Spice spent annually.

Alternative Solutions

1. Continue to Promote Swagger
2. Rebrand or Promote Another Scent
3. Umbrella Brand
4. Emphasis on Body Wash
5. Advertise in the Super Bowl

Evaluation of Alternatives

1. Continue to Promote Swagger

Advantages:
- Sales were up 175 percent and volume was up 270 percent
- Success increased other Old Spice products sales
- Opportunity to grow and cement consumer’s love and loyalty to Swagger
- A shame if Swagger’s growth stalled due to the potentially unnecessary and premature pulling of advertising

Disadvantages:
- Ready to grow their portfolio and to do something different with the brand
- Campaign possibly reached its climax
- Remain a one-hit wonder

2. Rebrand or Promote Showtime

Advantages:
- Focus on a different product
- Opportunity to change brand perception and increase sales of Showtime
- Could speak to another unmet psychological need of the consumer
- The scent name already carried with it certain associations: The word Showtime could mean the consumer was ready for a good time
- An opportunity to promote Showtime via Old Spice’s NASCAR affiliation

Disadvantages:
- Don’t want to spend money merely to dismantle the success it had had with the younger male target for Swagger
- Need to select a new psychographic or demographic target which takes research, resources and time
3. Umbrella Brand
Advantages:
- Would highlight the Old Spice name and the associations with the brand, instead of cultivating specific associations with a particular scent
- Keep consumers aware of the overall brand but also to build equity around the portfolio that hopefully would be applied to the various scents affiliated with Old Spice

Disadvantages:
- Would take resources and time to create a message that would appeal to a larger target market who represented the brand’s persona
- Appealing to a large target market can be risky - the brand message can become too general and unfocused
- Approach previously unsuccessful
- Brand previously positioned to represent manliness - but difficult avoiding confusing consumer’s into perceiving the brand for an older generation

4. Emphasis on Body Wash
Advantages:
- 2003-2009 market had grown $276 million nationally, overtaking bar soap usage
- Category growing fast as younger generations grew up with liquid soap rather than bar soap
- 58% of men between 18 - 34 years-old (target market) reported using body wash
- Deodorants have fully penetrated the market - body wash presents opportunities for growth

Disadvantages:
- Deodorant category attracted three times the dollar volume of body wash
- Body wash represented approximately 20% of Old Spice sales - risk of spending advertising resources and expenses on a smaller part of the total business

5. Advertise in the Super Bowl
Advantages:
- Massive reach of an estimated 100 million viewers
- The half-time advertisements are almost as much anticipated as the half-time show.
- Super Bowl advertising is no longer watched just during half time. It is now discussed on talk shows, linked to friends, posted about on social media and watched on YouTube
- Ads earn a large amount of media coverage

Disadvantages:
- Thirty-second appearance would cost an estimated $3.4 million
- Ads in the Super Bowl are up for comparison against each other; which ad was more funny etc.
- Encouraging comparison can possibly confuse the viewer and ultimately sabotage brand growth
Recommended Course of Action

It is recommended for Old Spice to place an emphasis on body wash, aiming to release a campaign before DFM's Super Bowl appearance and February launch. The body wash category has seen significant growth over the past 10 years, with the market growing an estimated $276 million from 2003 - 2009. Focusing away from the populated deodorant category provides a new opportunity for the Old Spice company to grow. Old Spice products are targeted towards adolescents and young adults who are beginning to develop their personal care routine. Consumer insight shows that this consumer group have been brought up using liquid body wash over bar soap, with 58% of men aged 18-34 years old using liquid soap. This provides a perfect market for Old Spice to focus their next campaign on.

Focusing on body wash products is highly cost effective compared to purchasing a Super Bowl advertisement. To avoid a comparison between Old Spice body wash and DFM's product, it is recommended that Old Spice releases their campaign at least a few months before DFM's Super Bowl advertisement. This earns Old Spice a competitive advantage against DFM by being a ‘first mover’ into the category. This ‘first movement’ will enable Old Spice to gain superior brand recognition and consumer loyalty without the expenditure of a Super Bowl advertisement.