

6-16-2018

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iRepository Citation

Khan, N. A., & Moiz, J. (2018). The curious case of Capri facewash. *Business Review*, 13(1), 83-94.
Retrieved from <https://ir.iba.edu.pk/businessreview/vol13/iss1/6>

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The curious case of Capri facewash

Nida Aslam Khan · Jami Moiz

Abstract This case focuses on the factors that lead to the failure of new products in the marketplace. It discusses the case of Capri facewash in the beauty and personal care category in Pakistan. Capri was unable to sustain its facewash in the market mainly because of a disorganized and unsystematic marketing plan. The case highlights managerial implications and recommendations pertaining to the facewash category. It adds to product literature and will generate more lines of inquiry particularly in the South Asian region.

Keywords New product development · Product failure · Skincare · Brand equity · Marketing plan

1 Introduction

In 2016, the global beauty and skin care industry stood at an impressive total revenue of \$425.9 billion (Passport, 2016). The market is predominantly led by the skin care category, which comprises of facial care, body care, and hand care (see figure 1).

The skin care category had a total value of \$110.4 billion in 2013, translating into a total share of 25.92%. Over 70% of the global skin care sales were on account of facial care products, which include facial cleansers (including facewash), moisturizers, anti-aging products, toners and face masks. This translated into global per capita spending on facial care of \$11.5 billion (Euromonitor, 2014 a).

Skin care has also been a rising star in the Asia Pacific region generating over half the sales of the beauty and skin category in 2017. The facial care category has been the most profitable in this region over the recent years, with total revenue of \$28,043.4 million in 2014, a share of almost 76% in the skin

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Fig 1: Understanding the skin care category (Euromonitor, 2015)

care market's overall value (MarketLine, 2015).

The rise in GDP per capita and the expansion in the middle class population in countries such as India, Bangladesh and Pakistan has led to an increase in the consumption of personal and beauty care items including facial products. This has further been complimented by the high penetration of the internet and social media in these countries leading to greater awareness among the consumers. Local and international players in the skin and facial care segments have also made use of these platforms to drive awareness for their products.

Pakistan, one of the emerging markets in the Asia Pacific region, has shown promising growth. Beauty and skin care products have been adopted and consumed widely across all age segments in Pakistan. The skin care category, specifically, has also experienced rising demand due to a high proportion of a relatively younger population, growing middle class in the urban centers of the country, and an inclination of the population towards sophisticated beauty habits and consumption.

Despite the dominance of body care products for decades in Pakistan, facial care has succeeded in capturing a significant portion of the skin care division, and accounted for almost 90% of the growth of the overall category in the local market during 2015-2016. The total share of facial care in the skin care segment was an impressive 81%. Of the facial care category, the highest share was accounted for by facial moisturizers at PKR 15,752 million, followed by facial cleansers at PKR 464.4 million respectively (Euromonitor, 2016 e).

One of the reasons for the evolution and growth of the facial care market in Pakistan is the industry's continuous innovation, and introduction of new products. These new product developments have been radical as well as incremental in nature, where companies have not only contended on expanding product lines, or adding new ingredients in their various variants, rather they have also taken into account global trends, and local needs and demands.

However, every innovation, and new product development has the risk of failure associated with it. This risk if realized, leads to the product dying be-

fore it has completely bloomed. The risk of market failure is also present in the facial care category of Pakistan. This case study, will review the case of the failed Capri facewash, and will identify the reasons for market failure through an assessment of existing literature.

2 Understanding new product failure

One of the greatest challenges faced by businesses is lowering the risk and the rate of new product failure (Barczak, et al., 2009). Market failure may be described as a firm's or a product's inability to meet the established objectives and expectations (Markovitch, Steckel, Michaut, Philip & Tracy, 2015).

A number of factors influence the performance of a new product. Researchers have tried to categorize these factors into similar groupings (Henard & Szymanski, 2001). These factors may be observed through a generalized framework presented below, which has been adopted from Markovitch, et al. (2015). This model presents various factors that lead to the failure of a new product in the marketplace.

Most theories and frameworks regarding new product development look at

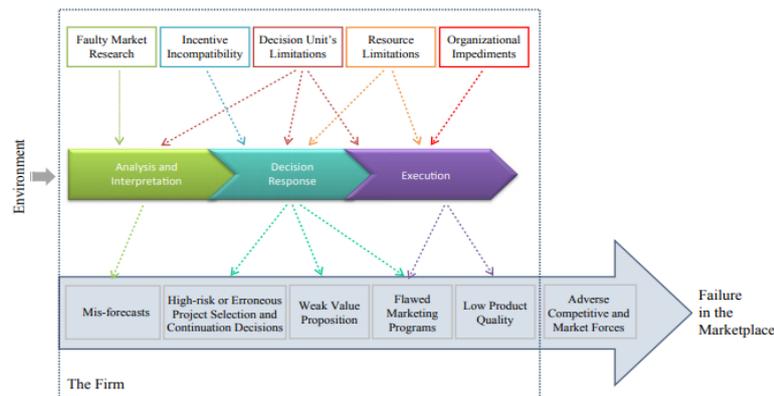


Fig 2: A general model of antecedents of new product failure in the market place. Source: Markovitch, Steckel, Michaut, Philip, Tracy (2015)

the process as being multi-staged. The model presented in figure 2, depicts three broad steps of the process, which have been looked at through new product failures. The framework highlights that business managers and leaders look at their respective external business environment for ideas regarding new product development. Information about market needs, trends as well as competitive offerings influences the choice between radical and incremental innovation by businesses. This information also serves as the basis for business decisions regarding project selection, continuation, as well as launch. In the next step, the business specifies the new product offering and the business model for commercialization of the new product. Lastly, the firm executes its decisions in the development and

commercialization stages.

However, because the NPD process, as well as the subsequent launch are learning processes, businesses routinely take into consideration internal and external feedback, as well as date their analysis, decisions, and execution along the NPD process chain. Consequently, most determinants of value flow through the spine of the activities presented in figure 2.

The determinants of failure that are listed above the spine are ‘foundational determinants’. These are the factors that support, or obstruct the spinal activities, and provide the basis for the NPD behavioral process (Markovitch, et al., 2015). ‘Byproduct’ determinants are those failure factors that are listed below the spine, and form more proximate reasons of market failure. They result from inadequate and faulty analysis and interpretation, decision response, and execution (Markovitch, et al., 2015).

3 Fair is beautiful: Measuring beauty in the Pakistani market

Skin lightening practices have been widespread and extremely popular in the South Asian communities (Hussain, 2010). Fair skin continues to be a charm that is actively sought after in these countries including Pakistan (Qureshi, 2017). These notions and practices are so deep-rooted that skin lightening products that promise a fairer skin have been advertised and promoted as lifestyle products that help enhance the living standard of the consumer.

The reason for these beliefs can be traced back to the repeated colonization of the South Asian communities. The invaders, the Persians and the British had lighter skin compared to the natives, and since then, fairer skin complexion became associated with power.

The beauty industry in the region, has exploited this perceptual relation between power and fairness as a means to promote their products. More specifically, advertisers and marketers in South Asia, particularly India and Pakistan, convinced women that they would not only be in full control of their lives but would also be independent if only they had fairer skin. The basic concept promoted by such products is that a fairer skin complexion will enable women to liberate themselves of societal norms and gain access to numerous opportunities such as finding an ideal match or a dream job.

The perception of fairness as a means of liberation has become so deep rooted in the country that in addition to the products of commercial brands, a traditional industry pivoted on home based remedies and herbs for skin whitening purposes also thrives. Hence, the promise of a fairer skin often works as a successful appeal for beauty products in the country, especially for facial products.

4 Facewash: A growth story in Pakistan

Liquid facial cleanser, commonly known as facewash, is used to remove makeup, dead skin cells, dirt as well as other pollutants from the facial skin. It also helps to unclog pores so that skin conditions such as acne can be prevented.

Even though the facewash category has been around for some time, there

was little data regarding the value and the size of the global facewash market on its own. The same also stands true for the Asia Pacific region. Marketers of the facewash category are challenged to win the market share against not only the traditionally used bar soaps, but also other facial cleansers. They have to make use of creative advertising and promotion to focus on, appeal to, and convert first-time, entry-level, teenage users, whose facial care regime takes some time to settle, and who are the most profitable customers due to their high lifetime value.

In the Asia Pacific region, marketers of the facewash category largely rely on the functional attribute of skin whitening in promotional campaigns and communication in order to appeal to consumers, owing to the larger psyche of the masses relating to skin complexion. For example, in India, the promise of skin whitening remains a popular claim of marketers of facial cleansers and moisturizers (Euromonitor, 2014 b). In fact, all new product launches in India in the year 2013, by both local and multinational producers, had the skin whitening claim among other promises. Another functional focus of the facewash category has been on the promise of an oil-free skin.

The facial cleansers category in the Pakistani facial care market, recorded strong growth in value terms, closely followed by facial moisturizers and face masks. The higher growth in the consumption and usage patterns of facial cleansers is due to the fact that they are very simple products that have become essential for many consumers, given the warm and humid weather and the dusty and polluted environment of many Pakistani cities and towns. Additionally, the growth can also be attributed to the claim of diversified benefits offered by facial cleansers, such as anti-ageing, moisturizing, ultra-lift, UV-protection and radiance.

The rapid growth of the facial cleansing segment highlights the need for robust research and creative marketing and promotions to capture, and convert the target audience in emerging markets. Marketers from the facewash category continue to face hurdles and challenges in establishing their brands and converting the population from using bar soaps to liquid facewash. Many products experience fleeting lives because of lack of responsible and systematic marketing plans and marketing strategies and non-existent marketing research prior to product launch.

5 The facewash category in Pakistan: Market structure

Pakistan has a structured i.e. a formal as well as an unstructured i.e. informal market for skin and personal care products (Subohi, 2015). For the facewash category, the leading brands in the structured market are Ponds, Fair & Lovely, Clean & Clear, and Garnier.

There are also many local mass-market products present. The unstructured market comprises of imported facewash products, which usually make their way into the country through grey channels. The use of these channels means that these products are not promoted by the companies or their distributors. Rather they are the smaller brands in the market that have higher trade margins.

6 The facewash category in Pakistan: Market segmentation

The rapid growth of the facewash category has seen numerous local as well as international players enter the Pakistani market. These can be distinctly grouped into three broad segments: mass prestige or masstige, old luxury brand extensions, and accessible super-premium.

6.1 Mass prestige or masstige (mass)

This category stands well below the super-premium or the old luxury goods, and products from this category are generally affordable for the masses. The masstige in effect comprises of luxury goods for the masses at an affordable price (Silverstein & Fiske, 2003). This category targets the lower end consumer market with limited purchasing power, and has been estimated to provide about 25% of volume to the category. The average price of a product for this market segment ranges between PKR 100-200. A major player of this segment is Fair & Lovely, with its varying SKUs. Multinationals with facewash brands in the premium categories, such as Ponds and Garnier, have also introduced small-sized SKU's of 50 gm/90 gm bottles so that they can capture some share within this segment.

6.2 Old-luxury brand extensions (premium)

This category comprises of a lower-priced version of products that had traditionally been affordable by the higher income classes only (Silverstein & Fiske, 2003). The bulk of the facewash consumption comes from this category, with over 50% volumetric contribution. The average price of facewash in this segment ranges between the bracket of PKR 200-300. A major player in the mass-premium segment of facewash is Nivea Creme.

6.3 Accessible super-premium (super-premium)

Though products in this segment are near the top of their category, they are still relatively affordable, being low-ticket items (Silverstein & Fiske, 2003). The super-premium segment targets the niche market of high-end consumers, with an estimated 25% contribution in the market volume. The average price of facewash in this segment is over PKR 300. Major market players of this premium segments are L'oreal, Neutrogena, Body Shop, etc.

7 The quest for variants

The facewash category can also be segmented on the basis of varying consumer needs and demands thus giving way to segmentation based on variants. The basic segmentation for these variants fall into two categories: the beauty segment

and the anti-bacterial segment. Neutrogena has a monopoly in the anti-bacterial segment, with a wide variety of products within the facewash range. The anti-bacterial segment is based on the manufacture and marketing of dermatologist-tested and skin-sensitive products.

The beauty segment, in contrast, may further be subdivided into variants for whitening, cleansing, anti-ageing (preventive/ corrective), moisturizing, hydration, UV protection, ultra-lift, radiance, etc. However, whitening continues to be the most tapped onto aspect since consumer research reveals a constant desire of Pakistani women to be fair. Ponds and Fair & Lovely lead the whitening category of facewash, followed by Dove and Clean & Clear. Local brands, such as Skin White and Delilah continue to struggle in the discounted segment since they also face competition from smuggled brands from elsewhere.

Market research is crucial for successful global marketing. In the Pakistani market, this is more true for the facewash category than for any other product. For any facewash product and brand to continue to thrive in the local Pakistani market, it is important to not only have a creative marketing idea, but also a well-thought of, and a well-planned marketing strategy, for the launch, as well as the subsequent growth years of the brand to help the company sustain the market share.

In an interview with the ex-brand manager of the local Capri brand, it was revealed that even though Capri had strong brand equity, and was remembered for having the USP of using natural ingredients, it failed to leverage this brand image on its facewash extension. The brand, instead, had to recall the product, and shut its manufacturing.

8 The case of Capri facewash: How the local beauty brand failed to sustain its equity in the facewash category because of blurred marketing strategies and goals

8.1 About ZIL

ZIL Limited, formerly known as Zulfeqar Industries Ltd, specialized in soap manufacturing with an experience of over 50 years. ZIL, was a forward looking organization, that had been willing to embrace changes and introduce innovation in order to fulfil consumer demands and respond to market dynamics. For the same reason, the company had also been credited for continuously improving its internal systems and processes, so that it could meet consumer preferences over the past five decades. The company aimed to enrich lives of not only individuals and families that used its products, but also improve the overall community life through creating a feeling of well-being among people and making them feel more comfortable and beautiful about themselves.

The company's portfolio comprised of different brands, which reflected on its understanding and connection with the Pakistani population at large. These included, Capri, which focused on skin care and skin wellness. The brand targeted the premium segment not only through its flagship bar soaps, but also through other innovative formats such as liquid hand wash and sanitizers, and

facewash range. ZIL’s other renowned brands included Opal, which targeted the lower socio-economic classes (SECs) by providing value for money through offering four soaps in one pack.

ZIL also ventured into the laundry wash with its brands Champion and King Swan, both of which were discounted detergents that offered value and money conscious consumers viable solutions for everyday laundry wash. With these operational brands, the company had established itself as an important player in the cleansing category. Moreover, the company took pride in being a local brand, as it believed that this gave it an edge in understanding the local consumers and market dynamics better.

8.2 Capri brand

Capri was the flagship brand of ZIL Limited, and focused on skincare for the female population of Pakistan. The brand targeted confident women from SEC B+ and SEC A (see figure 3), and promised an increase in self-belief through the use of its various variants. For Capri, a confident woman who knew what she wanted from life, and who knew where she wanted to be in the future was the one who was truly beautiful. Capri aimed to inspire women to be comfortable in their own skin, and aspire for bigger goals than superficial beauty.

Capri felt that womens’ skin needs must be met through gentle care, and



Fig 3: SEC Classification for the urban population of Pakistan (IPSO, 2014-2015: <https://www.ipsos.com/sites/default/files/Consumer-Book-of-Pakistan-2014-15.pdf>)

offered them the finest of natural ingredients in its different variants which promised uncompromised skin care throughout the year, so that there is no deviation from the bigger picture and life goals. Capri made use of a rich blend of natural ingredients, including, aloe-vera, honey, milk proteins, strawberry extracts, green tea, sea minerals, wild orchids and water lily, and used this to distinguish itself from competition as well. The brand was positioned to be a natural preference for skin care by the target audience and promised not only radiance, smoothness and glow, but also a healthy skin.

Though Capri had been present in the market for decades with considerable

market share, with time and with increasing competition, the brand had lost its freshness, and was associated with older age groups. In 2011, however, the brand was revamped and reinvigorated, with the aim of targeting the younger Pakistani woman. With a more effective line of communication now, the rejuvenated brand image for Capri was designed to match the target consumer's perception and ideals. The brand however, held on to its roots and values of believing in inner beauty and skin care through the use of natural ingredients offered in Capri. Capri's range of handwash and sanitizer as well as facewash was launched with the same propositions.

8.3 The launch of Capri facewash

In 2011, Capri entered the facewash category with its Deep Cleansing variant. The facewash was aimed towards the premium skincare market, and targeted the urbane and educated consumer class. Armed with the insight that consumption habits of this class trickle down to other SECs of the society over time, Capri was confident of success.

Moreover, with the aim of targeting the younger Pakistani woman, Capri felt that introducing the facewash would allow it to form an emotional bond with the consumers. At the same time, it would also help rejuvenate the brand image of Capri amongst the target population. The launch of the Capri facewash was deemed to be an innovative step within the company, and was celebrated with zeal and enthusiasm for the future.

Initially, a single variant of Deep Cleansing was launched and tested in the Karachi market. Learning and insights from this singular launch helped Capri come up with three more variants, which were launched in 2014. These variants promised to cater to the most pertinent skin care needs of the Pakistani woman. These variants were:

- Capri Vitals: a deep cleansing face wash for refreshing the skin
- Capri White Glory: whitening facewash for a radiant glow
- Capri Oil Lockout: oil controlling facewash for a naturally healthy skin

All these variants were launched with supporting attractive POS material at key outlets in selected towns, retail communication and a brand ambassador program. The launch was also supported with hoardings all of which helped Capri Facewash receive tremendous response from the target audience.

8.4 Capri facewash: What happened?

Despite the fact that the launch of Capri's facewash was well received, and appreciated by the target audience, the product did not do well, and had to be rolled back. Though Capri was a trusted name in the beauty and skin care market, and one of the leading local players, with a well-maintained distribution network, the facewash extension could not be sustained. Interviews and conversations with the ex-brand manager of Capri revealed that the blame largely lies on a marketing strategy that was not well thought of.

The ex-brand manager for the brand stated in the interview that even though

Capri facewash was launched with the promise of a healthy and a glowing skin with the use of natural ingredients, it failed to live up to its positioning. Following the launch of different variants in 2014, the company had ensured that the product was available at key locations in all the major cities of the country. However, despite the availability, the product was not well received, and people did not purchase the facewash, even with the umbrella brand image of Capri backing it.

The ex-brand manager revealed, that despite external research reports, the facewash category as a whole has low awareness amongst the Pakistani population. The growth trend that is visible in the market is fueled by the elite classes who have been exposed to these beauty trends in their extravagant lifestyles. For the other target population segments, facewash is an alien product that is surrounded by societal doubts. Since people are very conscious about their face in their grooming habits, they are hesitant and reluctant to use something new out of fear of experiencing adverse impacts. The facewash was shunned for the same reasons, and people did not readily accept it.

Consequently, even though the company had ensured that the product was on the shelves, there was no consumer purchase because of the overall low awareness and education regarding the facewash category. As a result, Capri facewash stayed on the shelf for around 16-18 months, well over a year. This worried the shopkeepers, and as a result, to liquidate these SKUs from the market, the company attempted to lure the customers through 'buy 2, get 1 free' type promotions. These promotions led consumers to purchase the product, and try it.

However, being on the shelf for so long had resulted in deterioration of the product quality, with close expiry dates. This meant that even the consumers who tried the product once were not interested in repeat purchase because of the high importance of facial care. As a result, Capri rolled back its face wash, and consequently, lost the market. The market share was quickly gobbled up by the larger, global conglomerates such as Unilever, P&G and Garnier. These international players had the financial muscle to invest in awareness generation programs and promotions, a string network, and varying SKU sizes which allowed them to penetrate into the mass population at large, giving a boost to their own products' sales as well as generating awareness and acceptance of the facewash category at large.

9 Understanding why the Capri facewash failed

The failure of Capri's facewash to maintain a sustainable market share highlights a case of mismanagement. The launch was an unplanned and a disorganized strategy, where the general manager of the company had taken on the venture to present a rosy picture to the board of directors reflecting on the company expansion. The company had no will or interest to take on the facewash product to greater heights, or to sustain its market share. As a result, there was little to no market research done to support the launch of the Capri facewash, and consequently, the company had to roll back the product from the markets to save the larger brand image and positioning.

The facewash was, as can be gauged, just a ploy to show growth. With no interest from the senior management, and with no will power to enter the facewash category, Capri lost share in what could have been a turnaround for the brand in its aim to connect with the youth more readily.

Based on the framework regarding new product failure presented in figure 2, Capri displayed a high level of weakness in resources as well as structure. This impacted their level of analysis as well as decision making, and subsequently, execution. The flaws in the analysis, decision, and the execution stages led to marketing and operational mistakes, which in turn led to the failure of the new product.

The manager's cognitive limitation as well as restricted vision regarding the product created a systematic bias, which in turn led to faulty analysis and interpretation. This created a distinct gap between demand expectations and the product supplied. Capri facewash's failure in the market was a result of both foundational as well as byproduct factors of failure determination for new products.

10 Implications and recommendations

The facewash category in Pakistan does not only offer consumers functional benefits, but also has an inspirational appeal attached to it. The product has high growth potential in Pakistan, given the rapid urbanization and increased female workforce participation. Research and market analytics have also highlighted the inclination of men towards facial care products, including facewash. Leading market brands, almost all of which belong to multinationals, are ideally placed to leverage this opportunity.

However, to successfully operate in the facewash category, and to survive in the beauty and personal care industry in general, it is important that players conduct holistic market research, and tailor their marketing strategies and plans accordingly. It is equally necessary that players have the financial muscle to invest in marketing and promotional campaigns to raise awareness and fight competition. Also it is necessary to strategically price the product to offer good value for money. The Pakistani market holds tremendous potential both in terms of demographics and product category. The companies in this domain therefore, have everything to play for!

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