**Enhancing Competitive Strategy at Darling Kenya – Case Report**

**Problems**

Darling Kenya (Darling) was looking for further growth in the hair care market for which it had to face few problems along the way. The hair care industry had grown rapidly and now it was clear that there is limited growth in the market. Also, there was stiff competition with new ventures entering the market with more affordable products and quality close to what is provided by Darling. In addition to this, there was a lot of corruption in the government which was increasing the sale of counterfeit products through black market and affecting the sale of all the established brands, especially Darling’s whose market share has decreased to 50%. It was also feared that with the fast-growing economy, inflation could result forcing Darling to concentrate on producing more low-end products. (Source: Darling Kenya Case Pgs. 1-5)

**Potential Solutions** (Source: Darling Kenya Case Pgs. 1-7)

**Option 1:** Reinvigorate the brand by improving the packaging, differentiating the product lines and increasing product quality by using the marketing budget of $1 million.

* **Pros:** By improving the packaging which has been same for the past 10 years, Darling could attract new customers. They could make the packaging like their competitors which sometimes will make people choose Darling products, thinking of it as competitor’s product and will lead to people shifting their loyalty towards Darling, since they will like their products, as well as this new packaging would be cost effective and more convenient for current customers. Currently Darling is offering 4 product lines and by adding another few lines which would be focusing on low-end products could be beneficial for Darling in the long run as the major market was Kenya whose economy was growing rapidly which could result in inflation. Also, Darling is offering the best quality hair fiber, and with more focus on Research & Development (R&D) product quality would improve, simultaneously increasing the market share for Darling.
* **Cons:** Darling’s market share has already reduced to 50% and by changing the packaging it is possible to even lose this market share as people may start seeing the products as cheaper due to the changes in packaging, like their competitors, and the situation mentioned in pros could reverse here. There are already many product lines with the Darling line providing many options and it may not be a good decision to invest in few newer lines as they may have a risk of not selling very well in the future. With the best quality synthetic fibers, more push towards R&D may not affect the quality as expected or may take time for a major improvement in quality by when Darling would lose a lot of market share.

**Option 2:** Institute a road show in the rural areas and make women try the products for free and how they look on them as well as explore new advertising channels such as TV ads, newspaper ads, radio ads etc. (Source: Darling Kenya case Pgs. 1-7)

* **Pros:** The budget for road show is $800,000 and it would be good option to do this because 76% of the population lived in rural areas and Darling could increase the market share by attracting more customers from rural areas and as per the response given by these people the company could introduce more low-end products to better fit their affordability. On the other hand, the $200,000 which after conversion ($200,000 \* KSH 87.65) is 17,530,000KSH could be used for newspaper ad, billboard ad, radio ad, website ad as well as TV ad could be shown 2 times instead of 3. (Appendix A for calculation) (US$1 = KSH87.65, from Darling Kenya Case Exhibit 3 pg.7)

* **Cons:** The success of this road show is risky because it is taking 80% of the advertising budget and if the response for this is very low then $800,000 worth of advertising might be waste and this would only target the national market, instead some amount from this could be used to advertise the international market. Also, the rest 20% may still attract some customers from the urban areas but with the shifting economy this is also to be considered very carefully.

**Option 3:** Reduce the production cost by partnership with Fashion Idol or similar upcoming brand in China or some other country or through horizontal integration, simultaneously advertising by targeting consumers of different ethnicities nationally as well as internationally.

* **Pros:** By partnership with Fashion Idol or a similar company, Darling could reduce the cost by producing in China and selling in Africa as well as other countries which would make the products cheaper for consumers. Also, Darling could advertise nationally and internationally by using human models of different ethnicities or similar advertising practices showing Darling as a hair care brand for all types of ethnicities. (Image showing Darling’s focus on attracting one race of customers in Appendix A)
* **Cons:** The partnership could force Darling to change its way of doing business and horizontal integration would cost a lot without any knowledge of the future and how risky this decision can be for Darling. Also, suddenly advertising with different ethnicities could affect the company’s reputation on racial grounds.

(Additional Solutions in Appendix A)

**Decision**

Options 2 and 3 are the recommended options. Option 2 should be initiated immediately as Darling would come to know in the 1st year whether these advertising strategies should be continued. Option 3 should also be initiated immediately with respect to (w.r.t) ethnicities in case of website update or international advertisements as well as slowly start with different advertising strategies (TV ad, Newspaper ad etc.) nationally as well as internationally. Research should be conducted for selecting a company to partner with and the possibility of Fashion Idol to partner with Darling is more because Fashion Idol wants to penetrate the African market which could be done rapidly with a partnership. Also, horizontal integration is a good option but would take time and cannot be initiated immediately. In addition to this, research is required to select a company and acquire it.

(Required analysis in Appendix B)

(Marketing Models discussed in Appendix C)

**Appendices**

**Appendix A** (Source: Darling Kenya Case Pgs. 1-7)

For option 2 – Doing the road show is $800,000 and after using the rest $200,000 for advertising and TV ads for 2 times a day instead of 3, we have Ksh 2,623,333 which we can use for few more days of billboard and advertising on social media. Here, it is assumed that for 1 time a day of TV ad Darling is incurring a cost of Ksh 17,500,000 divided by 3 which comes out to be Ksh 5,833,333.

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| --- | --- | --- |
| **Type of ad** | **Length of ad** | **Cost of ad** |
| **Total Budget** | **N/A** | **Ksh17,530,000** |
| Newspaper ad (1 full page) | 1 month | Ksh1,000,000 |
| Website update | N/A | Ksh400,000 |
| Billboard ad | 1 day | Ksh100,000 |
| Radio ad (1 minute, 5 times a day) | 1 month | Ksh1,740,000 |
| **Total** |  | **Ksh3,240,000** |
| Television ad (30 secs, 3 times a day) | 1 month | Ksh17,500,000 |
| Television ad (30 secs, 2 times a day) | 1 month | Ksh11,666,667 |
| **Total with Television ad (30 secs, 2 times a day)** |  | **Ksh14,906,667** |
| **Balance from Total budget** |  | **Ksh2,623,333** |

(Source: Darling Kenya Case Exhibit 3 pg.7)

For option 3 – This image shows an example of why Darling should think about advertising with different ethnicities, specially internationally. It is just for information purposes and does not intend to harm any culture or race.



*(Image Source:* [*http://www.esaja.com/yesafrican/wp-content/uploads/2015/02/darling-hair2.jpg*](http://www.esaja.com/yesafrican/wp-content/uploads/2015/02/darling-hair2.jpg)*)*

Other Options:

1. Darling should give some percentage of the profit to educate children or for some similar causes by mentioning in its advertisements that if people buy Darling’s product then a portion of the profit Darling makes will be donated to causes which will help Africa grow since it is a developing country.
2. Darling should start with a member rewards program wherein people will be given points and their class would be upgraded according to the points they accumulate. This would not only help to attract new customers but would strengthen the loyalty of current customers and help the company to gather customer information for better understanding buyer behavior.
3. Darling could also start a YouTube channel or some similar video blog only available to members, wherein experts would talk about using different products in different styles exclusively using products of Darling.
4. Start franchising or setting up exclusive stores of Darling Kenya which would sell products offered by Darling and even give free tips by experts (running all day like a slideshow or video, something like option 3 above but in small timeframe) to match the products according to the customers.
5. Partner with supermarkets and other retailers to promote Darling, for example, Employees of Darling would promote Darling from a spot in a supermarket by attending the customers face-to-face and helping them find faster what they are looking for or giving them better suggestions etc. Also, provide retailers with a crash course to better suggest customers in finding the right product they are looking for.
6. Since Darling’s target population belongs to one race according to its advertisements then targeting the male population who are also interested in hair extensions by offering limited variety of products would be a good idea since some percentage of the male population belonging to this race and a very small percentage of other races also use hair extensions.
7. In advertisements use human models of different age groups to advertise different age group products since this would make the consumer better understand the product and would be more convenient for them to find the right product.
8. Concentrate more on lower line of products as the chances of inflation are high since the economy is growing rapidly and people won’t have disposable income which would lead to reduction in spending on luxury items. In addition to this, Darling can even merge the four product lines, for example, merging VIP and classic line and naming the new line as VIP classic or something similar. This would help the company to be prepared for inflation in the economy.
9. Develop company salons inside supermarkets as well as near retailers to give people more than they were expecting because these salons will have expert stylist and people especially those who buy the premium products would pay for such services.

**Appendix B** (Source: Darling Kenya Case Pgs. 1-7)

Required analysis:

1. Complete a 5 C’s assessment, which includes a SWOT and Porter’s 5 Forces, for Darling Kenya. What are the main constraints Saffideen should keep in mind when the $1 million marketing budget? (Source: Darling Kenya Case Pgs. 1-7)

5C’s assessment:

* Customers – Darling currently has a market share which has reduced to 50% and to understand the customers’ requirements it is important to deliver products according to the customer. Brand loyalty is another factor which keeps customer from buying competitors’ products. 76% of the population is from rural areas i.e. they will look for products which are cheaper. Also, due to rapid growth in economy which is giving indication of inflation in the future, people will prefer spending less on luxury products as it would be more important to survive.
* Context – The population consisted of 44,037,656 of which 50.1% are women in Kenya and 910 million people in sub-Saharan Africa. The age group is from 8 to 60 years who buy different line of products offered by Darling. Darling sells its products in 21 African countries as well as 14 Countries worldwide. Kenya has a $2.5 billion hair care market from which 55% is dry hair market and 45% is wet hair market. The company had a market share which reduced to 50% because of competition. Darling focused on the African market more and had advertisements which implied the product was made for people of one race only. There is a lot of corruption in the government which has led to the growth of black markets and selling of counterfeit products. Darling has the best R&D and is the only licensed company to produce kanekalon fibers.
* Company - Darling has half of the market share and offers four lines of products for people belonging to all income levels. The distributor network is vast which ensures timely delivery of products. Darling’s major competitors, Sister and Fashion Idol, are still entering the African market which gives Darling a competitive advantage to secure its operations and push the competitors by employing better marketing strategies and attracting customers.
* Collaborators and Complementers - Here the collaborators are supermarkets, retailers or outside stores and distributors who make timely delivery. The complementers would be the employees working for Darling and even the retailers and supermarkets or other similar entities.
* Competitors – Major competitors are Sister and Fashion Idol. Sister produces products which are close to the quality provided by Darling and are expanding rapidly. They also have 3 lines of products to produce and sell to people of all income levels. Fashion Idol was a brand for a giant hair company Rebecca Hair Product Inc. (Rebecca) from china. It had intensive research facilities as well as sold around 2000 products in 30 countries. They produced synthetic fibers which were cheaper than kanekalon and with large resource and low labor cost Fashion Idol products were more affordable then Darling’s and Sister’s.

SWOT analysis:

* Strength – Darling is the industry leader in hair care with current market share as 50% and its specialization is in synthetic hair with best quality hair extensions lasting 2 to 4 weeks before they start to deteriorate. It was the only company licensed to use kanekalon fiber in Africa. This was possible because of the exceptional R&D team that the company had. Darling had specialization in dry hair market with 4 product line i.e. VIP, Classic, Darling and Celebrity. The Management under Mahmoud Saffideen who had a lengthy list of management experience was very effective and he followed Nivea’s business model of seeing the key component as consistency. Customer loyalty was strong as most customers stayed with a single brand, Darling in this case. The delivery of products was on time because of large network of distributors.
* Weakness – There was limited growth in the current market and Darling was not focusing on factors of improvement. The advertisement strategies were made keeping in mind just the African population. Traditional advertising strategies with slow progress towards modernization. High expectations of management targeting the whole world but not taking initiative to work accordingly. The marketing strategies which were planned to be implemented were not defined. With so much investment in R&D and the only licensed company to use kanekalon fibers, it can be assumed that the raw material was costly.
* Opportunities – Still the leader in hair care product and can grow by pushing out the competitors from the market i.e. competition is less and there is room to grow in different places in Africa. Lot of scope in international market with focus on few changes in marketing strategies. Different areas to penetrate with the help of modernization as well as many areas to invest in to attract new customers.
* Threats – Competition from national as well as international companies. Political instability and corruption which lead to counterfeit products as well as growth of black markets. Risk of inflation in the economy affecting consumers who will spend less on luxury items. Limited growth in the hair care industry which may not be fulfilled by advertising as the number of customers attracted would be lower than expected.

Porter’s 5 Forces:

* Industry Competitors - Major competitors are Sister and Fashion Idol. Sister produces products which are close to the quality provided by Darling and are expanding rapidly. They also have 3 lines of products to produce and sell to people of all income levels. Fashion Idol was a brand for a giant hair company Rebecca Hair Product Inc. (Rebecca) from china. It had intensive research facilities as well as sold around 2000 products in 30 countries. They produced synthetic fibers which were cheaper than kanekalon and with large resource and low labor cost Fashion Idol products were more affordable then Darling’s and Sister’s.
* Potential entrants – These would-be companies who are already in the hair care industry and are also positive about the growth in the African market. Also, similar companies like Rebecca who are already well established would try to penetrate this market. Since there is limited growth in the industry the competition can grow as this would be a source of motivation for any company to introduce its products.
* Availability of Substitutes – Products made from human hair were one of the substitutes and the synthetic fibers used by Rebecca was another. These were the only substitutes which could decrease the market share for Darling.
* Buyer power - Darling currently has a market share which has reduced to 50% and to understand the customers’ requirements it is important to deliver products according to the customer. Brand loyalty is another factor which keeps customer from buying competitors’ products. 76% of the population is from rural areas i.e. they will look for products which are cheaper. Also, due to rapid growth in economy which is giving indication of inflation in the future, people will prefer spending less on luxury products as it would be more important to survive.
* Supplier power – There is no limit to supply because the kanekalon fibers are produced in-house and the labor is sufficient. If Darling thinks about producing other synthetic hairs or making products from human hair, then it would be essential to think about supply.

Mahmoud Saffideen should consider the competition first and what strategies they are using to promote their products, since he is thinking of reinvigorating the brand, which would help him to promote the products in a unique way. The other thing is to focus on the areas where there is growth as the market has limited growth so covering all the areas of growth would be helpful. Also, it is important to be careful with the counterfeit products and the black market and concentrate efforts on spending in areas where this won’t affect the company. The last thing is the growing economy which could lead to inflation affecting the disposable income of consumers. The products should now be created or re-created keeping in mind all these factors.

1. To gain 1% additional point of the dry hair care product market share, Darling needs to steal $660,000 worth of revenue from competition; however, in addition to stealing business from the competition they can create new demand using a variety of means. If the firm spends $1 million on new marketing efforts what is the minimum amount of market share as a percent that they must deliver?

Sol.

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| --- | --- |
| **Particulars** | **Amount** |
| Marketing Budget | $1,000,000 |
| Revenue to steal from competitiors | $660,000 |
| **Minimum amount of Market Share (%)** | **1.52%** |

Note: Creating new demand is possible through advertising and to steal revenue of $660,000 from competitors and spend $1 million dollars on new marketing efforts, the minimum amount of Market share for Darling will be 1.52%. (Variety of means for creating new demand are discussed in Appendix A)

**Appendix C** (Source: Darling Kenya Case Pgs. 1-7)

7P’s:

Product: The product offered by Darling is high quality and with the help of their R&D department they have developed very durable products and are the only company in Africa to be the licensed users of kanekalon fibers.

Price: Darling has 4 different lines of products to fit all income levels. The blue VIP line is for higher income individuals aged 15 to 45, costing around KSH2,000 to KSH2,700 per month. The maroon Classic line was for medium to high income individuals aged 15 to 45, who would spend on average KSH1,400 to KSH1,900 a month. The Darling line comes in diverse colors and was the most broadly defined. It was meant for any individuals aged eight to 60 years old and included weaves, wigs and braids. The green Celebrity line was for the lower income individual aged eight to 60 years, who would spend KSH750 to KSH1,000 per month.

Place: Africa is a developing country with many areas which are underdeveloped. Most of the population is in rural areas with slow expansion in urban areas. There is a lot of corruption within the government which makes the country politically unstable.

Promotion: There are various methods to promote the products such as through the road show, TV ads, radio ads, website update, billboards, through internet etc. With the limited growth in industry major efforts in marketing the product can really lead to amazing outcomes.

People: Majority of the population stays in rural areas with very less disposable income at hand. People are very loyal to the brand they like and will stick to it. Also, the population prefers buying from the black market where they get premium brands for cheap prices.

Process: Darling can start setting up its own salons and stores to provide better services to their customers and even attract new customers at a faster pace. They can minimize their costs by collaborating with similar industries in different countries.

Physical environment: The country is very unstable due to corruption in the government. The black market and the use of counterfeit products take some percentage of the market share of the hair care industry. People are very poor and the economy is growing rapidly indicating the chances of inflation in the future.