

Competitive Market Analysis: A Case Study of the United States

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Abstract

The dynamics of demand and supply play an important role in the competitive market. This dynamic role can easily be determined by-products that are part of the grocery. This study examines the influence of laundry detergent to examine the effect of consumer behavior on demand and supply patterns. This study examined consumer behavior in the United States by selecting top-demand laundry detergent and their sales. Data was collected from the Statista. Competitive analysis is used to examine the sale pattern of the product. This study concluded that a more influencing pattern to increase the sale of any product is its placing order in the grocery store. The Arrangement of shelves in the store plays an effective role in increasing the sale of any product. This study has a limitation and future researchers can add all three kinds: detergent, liquid, and soap to examine the behavior of demand and supply in a competitive market.

Keywords: Competitive Market, Demand, Supply, United States, Consumer Behavior, Competitive Analysis.

Introduction

Several suppliers provide the same nature of the product. The only difference in the sale is how suppliers attract the customers, by providing different offers. Such behavior creates competition in the market by introducing promo prices, discount offers, free delivery services, and many more (Chong & Ali, 2022). To achieve these goals, companies apply different competitive strategies to make their company better than other similar companies. Strategies help the companies to achieve goals under limited resources and satisfy the customers and attract the buyers (Thanh, et al., 2019; Surahman, et al., 2020). Competitive strategies create a favorable and sustainable condition for the forces that determine industry competition (Wibowo, et al., 2017; Surahman, et al., 2020; Chong & Ali, 2022).

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The dynamic concept of demand and supply is moving around the preferences and perceptions of the consumers. Grocery stores is the closer and near to reality area of study to identify the dynamic relation between the supply and demand. This is the most consistent source to get maximum observations to observe the behavior of the consumer and its effect on the demand and supply pattern against a specific product. The cleaning products never change their demand. Buckets, sponges, mops, and even laundry detergents are the tools of trade for anyone to clean hoe and their clothes. This cleaning process has been in the works for centuries, but the category never stays the same. The producers are always coming up with new inventions to create new inventions in the manufacturing of a specific product. There are many other ways which they used to create a center of attention for their customers and attract their supply by introducing new display ideas, a new fragrance, a new color, and sometimes drawing a change in the name of that product if it is not so superior. Such variations in the product change the pattern of demand and supply against a specific product.

Research Problem

Literature is filled with the discussion on customer satisfaction (Gunawan, 2022; Alzoubi, et al., 2022; Dam & Dam, 2021) and customer engagement (Lim, et al., 2022; Hampton, et al., 2022; Khan, et al., 2023; de Oliveria, et al., 2020). This is rare in literature to identify how a seller can increase the interest of the customer to buy more goods as he decides. This marketing skill can help to enhance the turnout of the sale, daily. This is a more effective way for retailers to increase the demand for products he offer in this competitive market.

Research Gap

A large proportion of the profit is used in advertisement, as the advertisement cost is increasing day after day. This is very difficult for retailers to manage or bear this cost. The best way for any retailer is to set the arrangement of the products whose sale is lesser by changing the place that is visible to the customer while entering the shop. Further, the arrangement looks attractive so customers think that this product must be tried at least once. Such a kind of study is missing in the literature and is needed to fill this gap.

Research Contribution

This practical contribution of this study will help the retailer to use a more suitable way to increase the demand for the products he offers in this competitive market with low cost. The theoretical contribution of this research is, this study will provide the cheapest way to increase the sale of the products.

Importance of the Research

We selected 'Laundry Detergent', a product of grocery stores, as the center of this study to identify the changing patrons of demand and supply in a market. We selected this specific product because this is part of the demand of each house or each individual, at least once in a week. Another reason to select this variable is that its price ranges from \$1 to \$12. Further, each consumer can purchase this product to satisfy his basket of demands.

Hypothesis

The hypothesis of this research work is;

The competition may affect the law of demand and the law of supply.

Literature Review

Hampton, et al. (2022) examined the emerging social studies of smart grids and considered their imagined socio-technical features, generalized public perceptions, and micro-scale responses in domestic and community thighs. The main objective of their study was to address the social smartness of smart grid research and potential pathways for smart grid stands in the United Kingdom. They used diverse system actors, a sample of 26, to systematically appraise a range of sociotechnical smart grid visions. Their criteria are based on technical feasibility, environment, supply security, data security, governance, finance, user engagement, and equity. They suggested that the challenge of developing smart grids in ways that are both socially and technically smart requires processes of responsible innovation to become more distributed across scales.

Kumar, et al. (2019) developed a framework to facilitate customer engagement in service, based on service-dominant logic. The framework of their study is applicable and relevant for firms operating, both in developed and emerging markets. Their study was divided into two parts: a qualitative study that involved service managers from multinational companies and another side, that identified factors that moderate the service experience. Results conclude positive service experience.

Harmelling, et al. (2017) tried to elaborate on the definition of customer engagement. The purpose of the study was to confirm that customer engagement is related to the deliberation of the firm's effort to motivate, empower, and ensure customer contributions to marketing functions. Their study made a shift in marketing research and business practices. They further explained the typology of customer engagement has two primary forms and offering tenets that help in linking specific strategic elements to customer outcomes and thereby performance of the firm. They supported their arguments by providing evidence in support of the derived tenets through case illustrations.

Banyte & Dovaliene (2014) examined the customer's engagement under modern market conditions. They introduced factors that make it possible for companies to

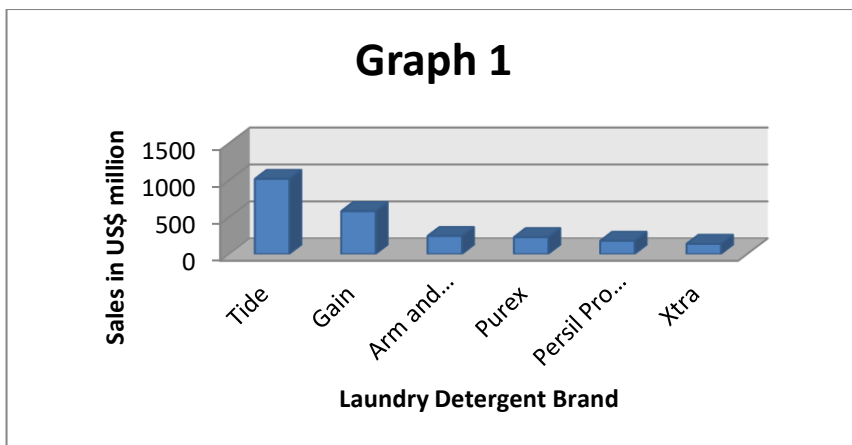
survive the competition. Their purpose was to reveal the relationship between customer engagement in value creation and customer locality. They used the fragmentary nature of studies performed in the field. They constructed a conceptual model of relations between engagement in value creation and customer loyalty. They further constructed direct and indirect links. Their research model has a limitation in that there is a need for revision in the model before applying it to more detailed empirical research. Further, their model does not involve moderate factors regarding customer satisfaction with their engagement in value creation. Their model is suitable and acceptable for constructing empirical research instruments.

Xie, et al. (2009) showed a dynamic spectrum allocation that a competitive market model leads to a greater social utility than the Nash equilibrium. They analyzed that market equilibrium is the solution to a linear complementarity problem. In addition, their market model possessed no additional computational complexity for price adjustment. The conditions of their model are: users of a channel experience the same noise levels and the cross-talk effects between users are low-rank and weak.

Methodology and Results

There are a large number of producers (can say Competitors) who are present and actively working in the market of laundry detergent. These competitors differentiate their products by offering the availability of laundry detergent in different sizes, with a variety of packing, changes in fragrance, and by using many other textures. There is also an obvious variation in the pricing of those varied types of available laundry detergents.

The most popular producers of laundry detergent in the USA are Tide, Gain, Tide Simply Clean and Fresh, Arms and Hammer, Purex, Tide Plus a Touch of Downy, Arm, and Hammer Plus OxiClean, Tide Plus Febreze, Persil Pro Clean, and Extra.



Graph 1 is the pictorial illustration of sales of the leading laundry detergent brands in the United States during the year 2018. Here the laundry detergent brand known as Tide is ranked 1 with a sale of US\$ 1017.75 million in 2018. Arm and Hammer is the local brand in the United States and placed third number with sales worth US\$ 244.77 million in the same year. It shows that international brands are more attractive to consumers in the United States.

Table 1: Top-Ranked Laundry Detergents in UK

Detergent Name	Sales in Million US\$
Tide	17.75
Gain	581.11
Arm and Hammer	244.77
Purex	229.48
Persil Pro Clean	179.85
Xtra	138.8

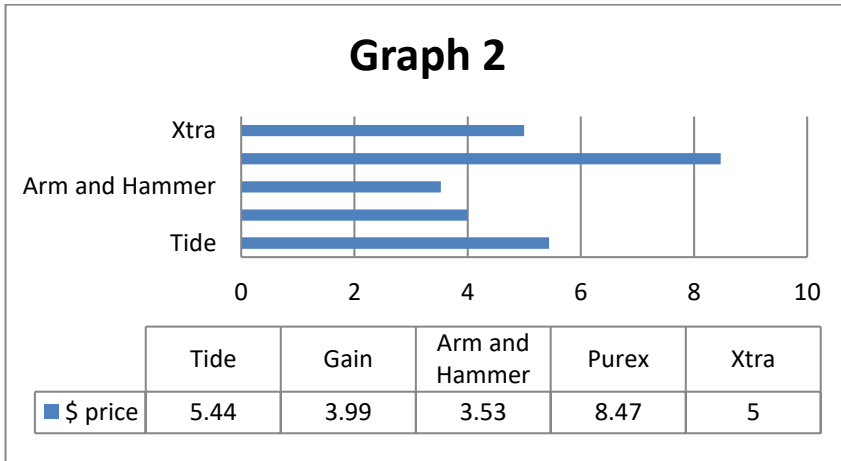
Table 1 is the numerical representation of the top-ranked laundry detergents in the United States.

For the competitive analysis of this research work, I collected the data from Stasista.com.

Competitive Analysis

Graph 2 shows both graphical as well as numerical views of the prices of the top-ranked laundry detergents in the United States. This graph is a clear picture of the trend of demand and supply of laundry detergents in the United States of America. Firstly I am discussing the demand function based on this price level, as the law of demand suggests that due to an increase in the price of a product, there will be a decline in the demand for the same product. On the other hand, the graph shows a picture against the law of demand, because “Tide” is the most wanted laundry detergent in the United States. While the prices of Gain laundry detergent and Arm and Hammer laundry detergent are low. The price of the Xtra laundry detergent is lower than the Purex but its demand is lesser than the demand of Purex laundry detergent. The graphical and numerical data shown in graph 2 confirms that some factors exist in this trend other than the price level which disturbed the law of demand in this situation. Those other factors are public awareness and ignorance of the other competitive laundry detergents that offer the same function at lower prices. In the situation of Purex laundry detergent and Xtra laundry detergent, the customer shows his preferences and likeness to increase the demand for Purex laundry detergent as compared to Xtra and laundry detergents which are offering lower prices. Customer

prefers this product because he is brand conscious and always prefers a product with a high price (Gaw, et al., 2019). In this way, the consumer thinks that a product that charges a higher price is good in quality but he did not compare the features of his preferred product with others.



Graph 2 also shows the concept of the supply of different laundry detergents in the United States. The law of supply is related to the concept that whenever there is an increase in the price of a product, there will be an increase in the supply of the same product because producers increase the supply of a specific product to get a higher profit margin by selling more product with higher price level. The top three laundry detergents ranked in Table 2 follow the rules of the law of supply, as the supply of Gain laundry detergent is lower than the Tide laundry detergent because the price of the Gain laundry detergent is lower than the price of the Tide laundry detergent. On the other hand, the price of the Purex laundry detergent is greater than all other listed products in the numerical representation of the price comparison of the laundry detergent in the United States. Here we can say that the producer is not very confident in advertising his product. Another issue may be related to the producer not much aware of the other competitors or not being aware of increasing his target area.

Conclusion

Innovation in the detergent category leads to a decline in liquid laundry detergent sales. Tide is the top-rating detergent brand and secured almost a fifth of the total US liquid laundry detergent sales, during the year 2018. In the same year, the total earned revenue of the Tide Company was almost US \$ 1.02 billion. The sale of laundry detergent rose by 0.7 % when compared to the previous year's sales in the United States of America.

Different reasons show that sometimes the law of supply and demand is not followed. The main reason is that the location of laundry detergent in the grocery store is away from the eyes of the customers and they are not aware of the presence of other detergents in the same grocery store (Dawes, et al., 2015). Because during the displaying process, grocery stores put those products whose producers pay them or offer some discount to advertise their product through the display method of advertisement (Erdem, et al., 2004).

Limitations and Recommendations

This study is only limited to only one product. The future researcher may examine the comparison of the whole glossary that is considered essential for daily life. This study is also limited to the only natural way to clean clothes which is detergent. There may be a study conducted on all three types of ways: detergent, liquid, and soap, which may be used to examine the demand and supply behavior in a competitive market.

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