

Analysis the Marketing Strategy of Royal Canin - Based on SWOT Analysis

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Abstract. The pet food industry has grown rapidly in recent years due to the growing trend of pet ownership among Chinese people. Various pet food brands are emerging and the competition is fierce. The purpose of this paper was to explore how Royal Canin can better attract consumers to buy. This paper took the Marketing Mix Theory as the theoretical basis and applied SWOT analysis to the study. The relationship between price, place, product, promotion, and purchase intention, and the strengths, weaknesses, and situations faced by Royal Canin are examined. This paper concluded that product features and multiple sales channels that meet consumers' needs will increase consumers' purchase intention, while prices beyond expectations and less promotion will reduce consumers' purchase intention. Thus, Royal Canin needs to expand its market share and enhance brand appeal by developing high-quality, cost-effective products and media campaigns. This paper provided references and new research ideas and perspectives for other researchers in this field.

Keywords: Royal Canin; SWOT Analysis; Marketing Mix; Pet food.

1. Introduction

1.1 Research Background

Nowadays, with the improvement of people's living standards, people are more and more enthusiastic about keeping pets in China, and they are realizing that pets play an important role in people's lives, especially in spirit. According to the 2020 White Paper on the Pet Industry, the number of pet dogs and cats in urban areas in China reached 100.84 million in 2020, up 1.7 percent from 2019 [1]. The number of pet dogs was 52.22 million, and the pet cat population is 48.62 million [1]. Pets can provide companionship, joy, and support to their owners. Therefore, owners are willing to spend energy and money to select quality pet food for their pets.

The problem of pet diet as a rigid demand of raising pets cannot be ignored. Along with this trend and demand, the pet food industry has boomed, and the potential of the pet food market has also been stimulated and quickly released. For a long time, imported pet food has occupied a large market in China, and more pet owners trust Mars, Nestle, Craving, etc. which are high-quality choices for imported food [1]. However, in the past years, fierce competition between brands seems to be a common problem. Various brands have joined the competition in the domestic market, and some domestic brands, such as PURICH, CARE, and ODIN, have also achieved a certain market position and gradually emerged. In contrast, the classic old brand of imported grain gradually lost its advantage.

Pet food is a kind of nutrient food specially provided for pets, which is between human food and traditional feed. Reasonable consumption can meet the most basic life and health needs of pets. In this paper, Royal Canin, which was founded in 1968 and has since become a leading brand in the global pet food industry, is chosen as the case. It is dedicated to providing the best resources and services for pets.

There have been many studies that have looked at different aspects of pet food. Wang et al. have reported consumer pet food shopping behavior and the future development demand of the industry in 2021 [2]. In addition, Gregory C. Aldrich and Kadri Koppel demonstrated the current technology applied to evaluate the taste of pet food, as well as its limitations and potential future research opportunities in 2015 [3]. In addition, Lesley et al. studied the identification of *Listeria monocytogenes* in pet food [4]. There are much research and evidence in the field above. However,

little has been said about pet food in terms of exploring market opportunities, and how brands can better appeal to consumers.

1.2 Research Gap

Although there have been many studies on pet food safety, assessment techniques, and processes, new problems have emerged due to the increasing consumer demand for pet food itself. Competition between domestic and imported pet food brands is fierce, and old and new brands are replaced quickly. Some domestic brands have gained a foothold in the market through their craftsmanship and excellent promotion methods, while others have remained unknown to consumers. Classic brands face a similar problem. Although they still have a large market share and have always been at the top of the sales list, their position is being threatened and impacted by new domestic brands. Such a problem “How to stand out from numerous brand” trouble these brands. However, only a few studies have shown the methods of this, so the brand cannot use for reference. Hence, a gap in this aspect of research should be filled.

The aim of this paper is to explore how can Royal Canin attract consumers better to buy more products. It would be of special interest to make a brand more recognizable and expand the market and continue to attract consumers. Meanwhile, providing a reference for such brands in the industry and other research in this area. It can also provide new research ideas and perspectives and enrich the content of this research in this field.

1.3 Fill the Gap

This research constitutes a relatively new area. This paper will study the marketing strategies of pet food brands to better attract consumers and raise the reference suggestion, and then guide the brand closer to the consumer preference and elaborate on the market situation and prospect. This paper will use qualitative research and analysis methods. The Marketing Mix theory-4Ps and the SWOT analysis method will be used for validation research. Impact on consumers and product, promotion, pricing, and distribution strategy will be reviewed. Finally, it will get the conclusion of marketing strategy and preferences of consumers aspects of the discussion and summary.

2. Literature Review

2.1 Marketing Mix Theory

Marketing Mix is the optimal combination that can bring profits and fulfill the purpose of the enterprise by comprehensively considering various elements in the market. This phrase was introduced by Professor James Culliton in a research brief on marketing cost management in 1948 [5]. He refers to the idea of marketing executives as "mixers of ingredients", meaning that one is constantly engaged in a creative mix of marketing procedures and policies in an effort to create a profitable business [5]. The first serious discussions and analyses of the marketing mix emerged during the 1960s. In 1964, Neil H. Borden firstly adopted the concept of the marketing mix [6]. He studied and determined the 12 elements of the concept according to previous studies, including Product Planning, Pricing, Branding, Channels of Distribution, Personal Selling, Advertising, Promotions, Packaging, Display, Servicing, Physical Handling, and Fact Finding and Analysis [6]. Jerome McCarthy reduced the 12 elements to 4 elements: product, price, promotion, and place, namely 4Ps [7]. It is a significant part of Marketing Mix theory and is recognized by many people as one of the best choices and means to achieve the marketing goals of enterprises. In the later period, the theory developed and diverged into many branches, such as 4Cs, 7Ps, and 11Ps.

2.2 Important Results

Over the past decades, there has been an increasing amount of literature on Marketing Mix. The most common conclusion that can be drawn is that each of the 4Ps elements influences the consumer's

purchase intention. When the marketing strategy of product, pricing, place, and promotion are improved and meet the demands of consumers, the purchase intention will increase.

In terms of product strategy, a large and growing body of literature investigates how the right product strategy increases consumer purchase intentions. Huang and Wang studied that six consumption concepts of Chinese people need to be taken into consideration under the specific consumption environment of China that consumer concepts, demands, and consumption behaviors do not follow the rules [8]. For example, particular attention should be paid to the psychological needs of consumers during the product development and design stages. Enterprises can convey information to consumers and induce consumer psychology through packaging, so special gift packaging is designed to cater to Chinese people's concept of face. The unique selling point of such products greatly increases consumers' purchase intention [8]. Some studies have shown that enterprises need to conduct a logical analysis of product characteristics, for example, because some products are intangible, it will be difficult for consumers to judge their quality and standardization, which will affect their purchasing decisions. However, if marketers can make products tangible, customers are more likely to be more willing to buy them [9]. In 2012, Mahmoud and Elham stated that a commodity or service, such as a movie provided by a cinema, is difficult to evaluate before real experience. The real motivation to push consumers to spend on these types of products is for pleasure, and if companies add elements that stimulate consumers can increase their willingness to purchase [10].

In terms of pricing strategy, pricing by demand leads to increased willingness to purchase. Consumer material demand and affordable psychological prices are the keys to pricing. Identify different market positioning, for example, the products sold in special festivals are for specific groups of people and make appropriate pricing strategies [8]. Meanwhile, the price needs to be linked to positioning and consumer perception of product value [9]. People need to understand where their money is being spent and whether the product has a corresponding value so that they can understand the pricing changes, that is, they are willing to pay for them even if the price of the product increases [9]. Price is the only revenue-generating element in the marketing mix, and it is one of the most flexible elements in the marketing mix [10]. The price of the same product at different times, such as holidays or anniversaries, and when targeted at special groups, such as the elderly and children, can be given appropriate discounts to promote people's willingness to pay for products [10].

Regarding the choice of distribution channel, the choice of sales channel is influenced by the consumption concept, and the appropriate place and sales channel for consumers. The needs of specific groups will affect the choice of shopping environment for the point of sale. Businesses that respect consumers' preferences can increase their purchase intention [8]. A good example is to understand the characteristics of young people's shopping psychology which means that they can choose to sell fashion products through online sales channels. Mastering their habits and psychology will also boost corporate profits [8]. In particular cases, such as sports marketing, it is particularly important to increase the focus on the "place" element of the marketing mix [9]. As a service product, different characteristics should be considered for different groups. They will prefer different interactions, service environments, and distribution channels. Getting this right will greatly increase the willingness to purchase [9]. Goods and services that can be purchased with the least amount of cost and time are preferred by consumers, so offline distribution channels need to be scattered in all corners of people's living areas [10]. When people can easily access the resources they want, their desire to buy can be strong.

In the promotion strategy, if the enterprise can reasonably employ the promotion design, it can stimulate the potential purchase desire and change the customer's attitude and interest in the product, which can ultimately affect their purchase decision and purchase intention [8]. For example, enterprises should constantly change the content or form of product packaging and advertising and constantly update hot topics to attract people's attention. It can not only keep the brand alive but also increase purchase intention [8]. In addition, Ana also stated the relationship between the elements of marketing mix in the field of Fast-Moving Consumer Goods (FMCG). Advertising strategies utilized by FMCG companies play a key role in achieving brand effectiveness and awareness and increasing

overall sales. It means that the 'promotion' among the 4Ps improves the brand equity of the company, thus influencing the purchase intention of consumers [11]. Wakefield and Blodgett mentioned that companies can conduct advertising campaigns to demonstrate that a product or service is fun, safe, or comfortable [12]. Advertising or promotional activities to potential customer groups to establish a good brand image and increase customer trust, promote consumer purchases. Publicizing the product on various media like TV, Internet, and radio so that people can see it all the time. It will make people realize the product imperceptibly and transform them into consumers [10].

2.3 Summary

Overall, to create products in line with the characteristics of consumer groups, clear consumption motivation, reasonable pricing, a variety of distribution channels, and the use of packaging and media publicity can affect the purchase intention of consumers. These studies highlight that the 4Ps theory improves consumers' purchase intention. Properly applied, these four strategies can stimulate consumption, make the product or service attractive to customers and ensure that the company is profitable. However, the vast majority of research methods adopted by the previous research using marketing mix theory are quantitative.

3. Method

3.1 Research Design

The research method used in this paper is SWOT-Analysis and qualitative analysis. They are applied to evaluate the current situation and future possibilities of Royal Canin. SWOT analysis is commonly used for organizations and its completion of it will be beneficial [13]. SWOT stands for strengths, weaknesses, opportunities, and threats [14,15]. This approach is very effective in systematically reflecting on both positive and negative issues to discover current limitations and future possibilities [16].

3.2 Royal Canin

Royal Canin is a branch of Mars, which emphasizes responsibility, autonomy, freedom, efficiency, and reciprocity. It regards creating a better world for pets as its brand mission and respecting the nature of pets as its tenet. Meanwhile, it attaches great importance to pet health and devotes itself to meeting the unique needs of cats and dogs. It emphasizes knowledge and respect. It emphasizes animals first. All factories share the same business philosophy: Lean Production [17].

The brand was founded by Jean Cathary in the south of France in 1968 and began to expand internationally in 1974, selling its products in several European countries. Later, in the 1980s, it developed and innovated the first full-price pet food designed for large puppy dogs, which was well received by breeders around the world and used as a "reference pet food" for more than 15 years. At the end of the 20th century, the first cat nutrition was dedicated to providing quality nutrition for pets. In addition to pet food, the brand also released a related publication in 1997, the Royal Encyclopedia of Pet Food for Dogs and Cats, which won the Veterinary Academic Award. In the same year, the Royal Body Series was launched which is the world's first nutrition program based on the dog's body size and age [17].

According to the '2022 JD Pet Top 10 Dog Food List' and '2022 JD Pet Top 10 Cat Food List' released by JD Pet, as well as the national standard of pet food and the American Feed Management Association Pet Food Standard (AAFCO), several high-quality pet food were listed. Royal Canin is one of them [18]. At present, although some people in China do not agree with this brand and it is controversial, Royal Canin is the first French Royal pet food in Europe, and it is a very famous brand in the world. In recent years, its sales have continued to increase, and it can be found in supermarkets and pet stores in the United States, Britain, France, Germany, Canada, Australia, and Japan [19]. However, according to data from some Chinese shopping websites, it has fallen into a situation where despite its high popularity, its sales are slightly lower than those of some domestic dog food brands.

3.3 SWOT Analysis

3.3.1 Strength

Royal Canin's pet food is developed and produced with great attention to detail to provide pets with exclusive and effective nutritious meals. Most famously, the brand offers different customized nutrition programs, depending on the pet's size, breed, or lifestyle characteristics, for both dogs and cats [17]. Among the products, there are small dog foods like Bichon, Chihuahua, and Poodles, medium dogs like Border collie dog, Corgis, and Huskies, and also some for large dogs. In addition, there are puppies, baby cat food, and adult dog or cat food [17]. Their products are carefully designed and carefully considered, and the pellets come in different sizes and shapes, such as round, square and irregular shapes. The physiological structure and feeding characteristics of cats and dogs were considered and examined. Under different pet head sizes and collar bone structures, and dietary characteristics, each particle has a great significance, just to care for the health of pets [17]. Pets owners pay attention to the health of their pets and the nutrition given to them so that their pets can stay healthy and avoid various diseases that may attack the animals [20]. Hence, the characteristics of the brand's products meet the consumer needs and motivations of pet owners and greatly stimulate their desire to purchase.

According to the survey data, about 90% of consumers will consume pets offline, and with the rise of online consumption, more than 80% of consumers will consume pets online [21]. The distribution channels of the brand are diversified and specialized. The product can be purchased offline, like in pet hospitals, dog or cat farms, and pet stores, and some online websites also sell them, such as Taobao, which has its flagship store. These are great advantages for Royal Canin. Some pet doctors recommend its products to pet owners, and it is available in many places. Compared with other small brands, when they are not well-known, their sales channels are often single, usually online stores, because offline retail stores are not willing to stock and sell. When brands and products penetrate the lives of consumers and the areas where they live, people can easily buy the products, so the willingness to consume is greatly enhanced.

3.3.2 Weakness

Due to technology, quality, and import, the price of Royal Canin is always high and the price of some products has reached nearly one hundred yuan per kilogram. According to statistics, it costs tens of thousands of yuan a year to feed a large dog with high-quality imported dog food [22]. Compared with some domestic dog food, it is only a quarter of the price of Royal Canin. However, there may be only a 20% difference between imported and domestically produced grain, but it accounts for 80% of the difference [22]. Therefore, when many pet owners cannot afford such expensive products, they will choose domestic or small brand pet food as an alternative to feed their pets. High prices have reduced consumers' purchase intention.

3.3.3 Opportunities

The entry of foreign pet food enterprises has fostered and enlightened the growth and development of pet food in China. Nowadays, the pet industry in first-tier cities is quite developed, such as in Beijing, Shanghai, and Guangzhou. The awareness of pet consumption is becoming stronger and stronger, and pet products are being recognized by most pet owners at an amazing speed. Data show that in 2020, the scale of China's pet economy industry reached 295.3 billion yuan, a year-on-year growth of 33.5%, the compound growth rate from 2015 to 2020 is 20.2%, the market size is expected to reach 394.2 billion yuan in 2021 [21]. With the promotion of strong economic growth, the market of related industries has witnessed unprecedented prosperity, and the profits of related markets will reach an incalculable scale in the future. The main food in pet food occupies the most important position, and every meal eaten by pets needs the main food as the main body. Its high consumption can make pet owners repeat purchases many times at an alarming rate. Royal Canin, as a brand selling pet staple food, will gain huge profits and development prospects.

Meanwhile, the pet food industry and market are also moving towards regulation. The good and mature operation of a market cannot be separated from the guidance and norms of industry standards. For the domestic pet market, which is in the rising development stage, targeted standards will help the industry develop rapidly in the right direction [23]. In 2018, the Regulations on the Management of Feed and Feed Additives were published, including the Regulations on the Management of Pet Feed, the Regulations on the Labeling of Pet Feed, the Regulations on the Hygiene of Pet Feed, and other documents [23]. With the support of laws and regulations, the brand will become smoother in future market development. Good market conditions give people the courage to purchase, and the intention and motivation to consume have increased. Although the emergence of these norms does not face consumers, but objectively affects and promotes the purchase of consumers.

3.3.4 Threaten

In the pet food market, foreign brands face many threats, one of the most significant threats is the increase of competitors. In China, consumer demand for pet food has begun to shift from imported food to both domestic and foreign brands. According to the survey data of iMedia Research, 65.5% of consumers prefer to buy pet products from domestic brands, while 21.2% of consumers say that both domestic and foreign brands are acceptable, and only about 10% of consumers prefer foreign brands [21]. Nowadays, domestic brands are much more aggressive in promotion and publicity than Royal Canin, and the attraction of imported products to consumers is gradually weakening.

In addition, the development of the pet food market is hindered by fake and inferior products and uneven quality, which is a hidden threat. Fakes arise when unscrupulous merchants notice that they can make a profit by copying products from well-known brands and selling them. However, most of the products made by these factories do not meet the hygiene requirements and health standards, which will affect the health of pets and destroy consumers' trust in the real brands. When people can easily buy fake or low-quality goods in the market, they may reduce their purchases to avoid the risk.

4. Results & Discussion

In conclusion, the advantages of Royal Canin are good product quality, meticulous design, and diversified distribution channels, which enable consumers to buy easily. Meanwhile, the types of products sold meet the vast majority of consumer needs, so it has a huge opportunity when the whole industry is developing well. However, high pricing and less publicity, as well as the disruption of counterfeit products will reduce this brand's reputation as its disadvantage and threat.

Compared with the results of previous studies, the factors and results affecting consumers' purchase intention are roughly the same. Product characteristics meet specific consumer needs and consumer motivation, more distribution channels will increase consumers' purchase intention, while pricing higher than consumers' expected value and less promotion will reduce consumers' purchase intention. Therefore, Royal Canin can better attract consumers to buy through the following strategies. First of all, the products continue the previous advantages and continue to adhere to the strict process and hygiene requirements of the production of products, ensure that the quality and details of products are ahead of other brands, and expand the market share. Second, weakness can be masked through pricing and promotion strategies. For example, appropriately lowering the product price can make consumers realize that the product has a high-cost performance to relieve the economic pressure caused by the high price on consumers; or for members, appropriate discounts or gifts can be given to make consumers feel valued and attract them to buy again. Secondly, seize the opportunity for market expansion and rapid development of the industry. Increasing the speed at which new products are introduced and constantly updating them will keep the brand attractive. In addition, some extension products, such as pet snacks and health products, can be added, because more and more pet owners are aware of the importance of these. Finally, it needs to reduce threats and avoid risks. Royal Canin can apply domestic social media to increase the promotion of its products to young consumers or improve the packaging to enhance competitiveness and prevent consumer loss.

5. Conclusion

People who keep pets have reached a high proportion in China. In this situation, the pet food industry is driven to develop, and imported brands are impacted by domestic brands. This paper studies how Royal Canin can better attract consumers through qualitative analysis. How the four elements in the 4Ps theory affect the purchase intention is sorted out, and SWOT analysis is utilized to analyze the advantages and disadvantages of Royal Canin as well as the opportunities and difficulties it faces in the future. Past literature has shown that the creation of products that fit the characteristics of consumer groups, clear consumption motivation, reasonable pricing, multiple distribution channels, use of packaging, and media publicity can all influence consumer purchase intention. The positive role of the 4Ps theory in increasing consumer purchase intention is emphasized. Properly applied, these four strategies can stimulate consumption, make a product or service attractive to customers, and ensure that a company is profitable. In addition, research shows that the advantages of Royal Canin lie in good product quality, meticulous design, professional sales channels, and convenient purchases for consumers. At the same time, the types of products sold meet the needs of the vast majority of consumers, so there are huge development opportunities. However, the high price and less publicity, as well as the appearance of fake products will lower the brand's reputation are its disadvantages and threats. The conclusion is that products in line with consumer motivation, correct distribution channels, reasonable pricing, and promotion will increase purchase intention. To expand the market and increase the brand appeal, Royal Canin needs to provide consumers with more high-quality and cost-effective products and increase the frequency of media publicity.

This paper provides references for such brands in the industry and also provides new research ideas and perspectives for other researchers in this field. Meanwhile, the relevant literature is reviewed to verify the practicality of the 4Ps theory and SWOT Analysis in this field. However, this paper is based on the author's summary analysis, has a subjective impact, and belongs to personal opinion and assessment. In addition, it only covers the pet food field in China in the past few years, which has certain limitations.

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