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**Procter & Gamble Strategic Plan**

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**I. Company Summary**

 **A. History**

Since 1837, we’ve built a rich heritage of positively impacting consumers’ lives with brands that make each day a little better.

**Founders:** William Procter, emigrating from England, established himself as a candle maker in Cincinnati. James Gamble, an immigrant from Ireland, apprenticed himself as a soap maker. They might never have met had they not married sisters — Olivia and Elizabeth Norris. It was their father, Alexander Norris that noted his two new sons-in-law were competing for the same raw materials. He suggested they become business partners. What began as a family-run candle and soap business would eventually grow into the largest and most profitable consumer goods company in the world.

**B. Board of Directors**

### Our Leadership

Our Board of Directors consists of men and women who are leaders in the fields of business, government, law, medicine and education.

**Francis S. Blake**

Former Chairman of the Board and Chief Executive Officer of The Home Depot, Inc. (national retailer). Appointed to the Board on February 10, 2015. Also a Director of Delta Airlines. Age 67. *Member of the Audit and Governance & Public Responsibility Committees*.

**Angela F. Braly**

Former Chair of the Board, President and Chief Executive Officer of WellPoint, Inc. (healthcare insurance), now known as Anthem. Director since 2009. Also a Director of Lowe’s Companies, Inc. and Brookfield Asset Management. Age 55. *Chair of the Governance & Public Responsibility Committee and member of the Audit Committee.*

**Kenneth I. Chenault**

Chairman and Chief Executive Officer of the American Express Company (global services, payments and travel company). Director since 2008. Also a Director of International Business Machines Corporation. Age 65. *Member of the Audit and Compensation & Leadership Development Committees.*

**Scott D. Cook**

Chairman of the Executive Committee of the Board of Intuit Inc. (software and web services). Director since 2000. Age 64. *Chair of the Innovation & Technology Committee and member of the Compensation & Leadership Development Committee.*

**Terry J. Lundgren**

Chairman and Chief Executive Officer of Macy’s, Inc. (national retailer). Director since 2013. Age 64. Member of the Compensation & Leadership Development and Innovation & Technology Committees.

**W. James McNerney, Jr.**

Retired Chairman of the Board of The Boeing Company (aerospace, commercial jetliners and military defense systems). President of The Boeing Company from 2005 to December 2013, Chief Executive Officer from 2005 to June 2015, and Chairman of the Board from 2005-2016. Director since 2003. Also a Director of International Business Machines Corporation. Age 67. *Lead Director, Chair of the Compensation & Leadership Development Committee and member of the Governance & Public Responsibility Committee.*

**David S. Taylor**

Chairman of the Board, President and Chief Executive Officer of the Company.  Director since 2015. Age 58.

**Margaret C. Whitman**

President and Chief Executive Officer of Hewlett Packard Enterprise (a servers, storage, networking, consulting and support company). Former President and Chief Executive Officer of eBay Inc. (ecommerce and payments) from 1998 to 2008. Director since 2011. Also Chairman of the Board of Hewlett-Packard Company. *Age 60. Member of the Compensation & Leadership Development and Innovation & Technology Committees.*

**Patricia A. Woertz**

Retired Chairman and Chief Executive Officer of Archer Daniels Midland Company (agricultural processors of oilseeds, corn, wheat and cocoa, etc.). President of Archer Daniels Midland Company until February 2014, Chief Executive Officer from 2006 to December 31, 2014, and Chairman from 2007 to December 31, 2015. Director since 2008. Also a director of 3M (since February 2016) and Royal Dutch Shell plc. Age 63. *Chair of the Audit Committee and member of the Governance & Public Responsibility Committee.*

**Ernesto Zedillo**

Former President of Mexico, Director of the Center for the Study of Globalization and Professor in the field of International Economics and Politics at Yale University. Director since 2001. Also a Director of Alcoa Inc., Citigroup, Inc. and Promotora de Informaciones S.A. Age 65. *Member of the Governance & Public Responsibility and Innovation & Technology Committees.*

**C. Vision**

Be, and be recognized as, the best consumer products and services company in the world.

**D.** **Growth**

Accelerating Top-Line Growth Sales growth is our biggest improvement need, which is enabled by winning with consumers and fueled by both our productivity and portfolio strengthening efforts that are underway. Our objective is to consistently deliver organic sales growth ahead of underlying growth of the markets in which we compete. This level of top-line growth, balanced with consistent bottom-line growth and cash generation, is what’s needed to deliver leadership levels of value creation for P&G shareholders. We’re making progress in accelerating organic sales growth. Organic sales for the April–June quarter were in line or higher than the previous year in 9 of 10 product categories. For nearly all of these businesses, the second half of the year was stronger than the first half. Organic sales for the company were essentially flat in the first half of the fiscal year and were up 1.5% in the second half — moving in the right direction, but there’s more work to be done. Everything starts with winning with consumers and shoppers.

We must win with consumers and shoppers at the zero, first and second moments of truth — when consumers become aware of our categories and brands, purchase them in a store or online, and use them in their homes. Winning these moments requires insights that lead to superior-performing product innovations, effective advertising and strong retail programs. The outcome is growing the number of users — and usage — of our brands and the categories in which we compete. Growing users requires product superiority, broad media reach, advertising effectiveness, distinctive packaging, an easy-to-shop store shelf, sampling programs and consumer value. We’re raising the bar by asking key questions: Is the product better performing and most preferred by consumers? Do we have the media reach and effective advertising to ensure our brands are always top of mind? Is the packaging distinctive, familiar and appealing? Is the store shelf organized in a way that is easy to shop, enabling consumers to find the right product for them with the right benefits at the right price? Do we have sampling programs that allow people to try our best products, particularly at the point of market entry? Is the relative price and absolute cash outlay to purchase our brands a good consumer value? Every category and brand is focused on consistently delivering these drivers of growing users to grow category and brand sales. At the same time, we’re strengthening our go-to-market execution. Execution is what our consumers and shoppers experience when they are in the store or online. Our brands need to have the right selection of products, in the right sizes, at the right value, in the right quantity, and in the right points of sale to win with consumers and shoppers in stores and online every day.

**II. Products**

 **A. Products**

P & G is organizing a portfolio around 10 product categories and about 65 brands. These are categories where P & G has leading market position and where product technologies deliver performance that matter to consumers.



 **B. Competitive Comparison**

The Procter & Gamble Company, or P&G ([PG](http://marketrealist.com/quote-page/pg/)), is the largest manufacturer and seller of household products in the world. Olay, Pantene, Head & Shoulders, Gillette, and Pampers are some of its major brands. Given that the consumer staples ([XLP](http://marketrealist.com/quote-page/xlp/)) sector is highly competitive, P&G faces local as well global competition from various players worldwide.

Some of the competitors include: Kimberly-Clark Corp, Estee Lauder Companies Inc., Colgate-Palmolive, and Clorox Co.

 **C. Sourcing**

In addition to embracing the Company's Purpose, Values and Principles, our Purchases people are guided by five global principles for strategic sourcing. These five principles establish a foundation for our discipline and serve as guidelines in our daily activities as we interact with external suppliers.

These five principles are:
- Best Total Value
- Honest, Ethical and Fair Dealings
- Externally Linked Supply Solutions
- Competition and Collaboration
- Supplier Incumbency

**Best Total Value**
We make sourcing decisions on the basis of best total value offered to supply our requirements for goods and services. Best total value is driven by business needs and includes a number of components that include total cost of ownership, quality of goods or services performed, supplier responsiveness and account service, speed or time-to-market, minority/women ownership, localized supply, and supplier willingness to share risk/provide resources.

**Honest, Ethical, and Fair Dealings**
We treat all suppliers with respect and deal with them honestly, ethically, and fairly. We conduct business in compliance with all applicable laws and regulations wherever we operate. We believe that buyers and suppliers optimize their working relationship when there is a foundation of trust. By treating suppliers and potential suppliers honestly, ethically and fairly, we do our part in building that foundation, and expect that the supplier will do likewise. We do this not only because we believe it is right, but also because it makes working with P&G attractive to current and potential suppliers.

**Externally-Linked Supply Solutions**
We deliver solutions that meet P&G business needs by bringing the Company's deep supply and market knowledge and access to supplier competencies, resources, and relationships around the globe. We create effective business alternatives to develop commercial and supply solutions for P&G businesses that deliver improved service, revenue and profit, while flexible enough to accommodate market changes.

**Competition and Collaboration**
We apply the strategic use of competition, collaboration or a blend of the two in our approach towards managing our supplier relationships. The Company has a long-held belief that competition encourages the innovation and efficiency from our supply base that ultimately delivers optimum value over the long-term. P&G also believes that we must collaborate with suppliers to access and engage their core competencies, capabilities, and resources to support us in creating value for our consumers and customers. The choice to emphasize competition or collaboration or blend the two is driven by business circumstances, supply market dynamics, supplier capability, supplier compatibility with P&G, and the level of interdependency necessary between P&G and the supplier to deliver best value.

**Supplier Incumbency**
We seek to balance stability in our supply base and orderly shifts of business with the need to seek out new suppliers who offer superior value. We prefer ongoing relationships with incumbent suppliers because we believe they deliver lower long-term costs and higher value to our business. Therefore, to win our business, new suppliers must provide meaningfully better total value than the incumbent. Incumbency is applied to each specific situation where a number of elements are considered that includes P&G business needs, past performance and future potential of a supplier, impact of business shifts on overall marketplace competitiveness and long-term buyer/supplier relationships, and costs for start-up, qualification, and/or shut-down.

**III. Internal Analysis**

1. **Strengths**

**P& G focuses on five core strengths required to win the consumer products industry.**

**1. Consumer Understanding-** No company in the world has invested more in consumer and market research than P&G. We interact with more than five million consumers each year in nearly 60 countries around the world. We conduct over 15,000 research studies every year. We invest more than $350 million a year in consumer understanding. This results in insights that tell us where the innovation opportunities are and how to serve and communicate with consumers.

**2. Innovation-** P&G is the innovation leader in our industry. Virtually all the organic sales growth we’ve delivered in the past nine years has come from new brands and new or improved product innovation. We continually strengthen our innovation capability and pipeline by investing two times more, on average, than our major competitors. In addition, we multiply our internal innovation capability with a global network of innovation partners outside P&G. More than half of all product innovation coming from P&G today includes at least one major component from an external partner

**3. Brand-Building-** We’ve built the strongest portfolio of brands in the industry with 50 leadership brands that are among some of the world’s best-known household names–and which together make up 90% of P&G’s sales and more than 90% of profits. Twenty-three of these brands each generate more than $1 billion dollars in annual sales.

**4. Go-to-Market Capabilities-** P&G is consistently ranked by leading retailers in industry surveys as a preferred supplier and as the industry leader in a wide range of capabilities including clearest company strategy, brands most important to retailers, strong business fundamentals and innovative marketing programs.

**5. Scale-** P&G is creating scale advantage by integrating across our business, consistently operating as one Company across our businesses and markets. The combination of the individual components is greater together as one Company than the sum of the parts—and we are focused on maximizing this total value.

1. **Weaknesses**

Some of P& G’s weaknesses that need to be focused on in the industry include;

**1.** **Loss due to closure of brands-** Prior to 2014, P&G had close to 300 brands but it pruned its brand portfolio to include only 65 brands which were driving 95% of its overall profits. With this move, P&G also underwent a loss because a lot of capital as invested in growing the other 235 brands. But it was a necessary move which set the mood for the rapid boost of the P&G brand.

**2. Organization structure causes slow decision making-** Because it is an old Organization and as there are so many SBU’s and portfolio’s to manage, the decision making is said to be slow and hence it affects the organization as a whole.

**3. Low organic growth-** Rate of Increase in customer base is slow as saturation curve is reached and lower innovation is happening. As a result, P&G is going through a phase of low organic growth. For P&G to overcome this, it has to pull off some unique marketing and product gimmicks to get the sales going.

**4.** **Regular change is needed-** In the beauty and personal care products, the market trend is that every single month, the market demands that the products be changed. A new fragrance be introduced or a new variant be introduced in the market. This regular change is an inherent requirement of the market, affecting the profit of the firm.

1. **Target Market**

P & G has a huge target market. They sell products in 180+ countries, in ten product categories, and have been in business for over 179 years. Their target market is men, women, teens, different races, and different sexes, just to name a few.

**IV. External Analysis**

* 1. **Threats**

**1. Intense competition –** P&G has to constantly worry about competition especially from HUL. HUL is a competition in several product lines and the brands are constantly at loggerheads, a reason which affects the profitability of both brands.

**2. Increased local / Unbranded competition –** With governments supporting local brands and Make in India campaign, as well as foreign countries supporting their own infrastructure and manufacturing, me too products are on the rise and therefore offer higher local or unbranded competition to the likes of P&G.

**3. Private labels –** Many retail brands Like D Mart and Reliance Fresh have starting with their own brands and are planning their own private labels also for detergents, personal care products and others. Soon, something similar can be expected from E-commerce players who will manufacture and sell at lowest costs because they don’t have the expenses of distribution to incur. Naturally, these private labels affect the overall sale of P&G.

* 1. **Opportunities**

**1. Rural markets –** A major challenge for all FMCG companies is penetrating the rural markets, which are price sensitive and impervious to advertisements. Availability and pricing are two major factors affecting the decision making of rural markets and this is an opportunity still for the likes of HUL and P&G.

**2. Increase organic growth –** By launching better products in the market or increasing the marketing effort, P&G can get its brand going again. Even age old dominants like Gillette have been shaken by private label brands like Dollar shave club. So increasing organic growth promises a positive future for the brand.

**3. Increased purchasing power –** Purchasing power of consumers is going to increase in the near future with economies booming across many countries. These developing economies will give rise to better markets and thereby they become ideal target markets for the likes of P&G.

**4. Mergers and Acquisitions –** Acquisition of local competition who are good in their products or distribution channel is a way to eliminate the competition and also to add a new product in the portfolio.

**5. Overseas growth –** As mentioned above, with the increase of purchasing power in under developed and developing economies, P&G will observe better growth in overseas markets as compared to its home market – USA.



* 1. **Competition**

Some of P & G’s competitors include; Kimberly-Clark, Johnson & Johnson, Estee Lauder, Colgate-Palmolive Co, Clorox Co, Unilever, and L’Oréal.

**D. Trends**

P & G trends are thoroughly monitored through the company’s specified departments, such as; business units and market development organizations. Market development organizations keep watching the market segments and their trends, however business units specify the appropriate strategies.

**V. Strategies**

**A. Marketing Strategy**

**1. Market Penetration-** The presence of the company as is clearly stated that it is worldwide but the market penetration strategy of the company is aimed at raising the bar of the company by strengthening it through attainment of major market shares than the competitors.

**2. Market Development-** The meekest development strategy of the company starts at the observation of the market trends, most specifically those that are settled by the competitors. The innovation is desired in this context to keep on introducing the upgraded version of the company’s leading products; as the customer’s attention get diverted if the same tag of the product runs for a long time.

**3. Diversification Strategy-** Diversification of the company is done by engaging more stakeholders along with acquiring the local or international company to increase the company assets as well as its global volume. The company’s acquisition really means to increase the categories of the products hosted by the company.

**4. Price-** The company prices vary according to the product. The competitors pricing strategy and profit margins are kept before by the company while deciding the price of any article.

**5. Place-** The company serves its products on a global scale in all of the major markets. Market development organizations of the company are present in eight locations around the world serving their basic role in local market regarding product available and sales there.

**B. Promotion Strategy**

The company’s promotional strategies are very fine as it let the customer follows the product through its promotional channel. The promotional channel of the company starts with electronic media, following the same on print media along with the bill boards, coupons, and sign boards.

**VII. Conclusion**

**A. Recommendation**

Procter and gamble have been around for hundreds of years. They need to continue to be innovative with their products, keeping up with trends, continue to think about the customer’s needs/wants, make products affordable, making products for people around the world. If they continue to run the company this way they will be able to be around for years to come. P & G has managed to stay ahead of their competitors, provided products that consumers love, and provide their stakeholders’ and investors with security.

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