

P & G Product Strategic Analysis

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Abstract: *Since 1890, P & G has achieved great success in the global market through its multi-brand strategy. This article first analyzes the pros and cons of P&G's multi-brand strategy, and then analyzes the external environment and product structure of P&G through the Porter's Five Forces Model and the Boston matrix, summarizes the external threats, clarifies the status quo of various products, and analyzes P & G's strengths and weaknesses in the competitive environment in recent years, and provides suggestions and countermeasures for further development.*

Keywords: *P & G, multi-brand strategy, competitive environment*

1. Company Introduction

1.1 Company Overview

Procter & Gamble (P&G) is owned by 1837 William Procter and Irish immigrant James Gamble, founded in the United States, is one of the world's largest commodity companies.

1.2 Key Milestones

In 1890, P & G mainly sold more than 30 kinds of different kinds of soap, through creative advertising, so that consumers on P & G soap profound impact, sales increased significantly. Demand outstripped supply and companies began setting up factories outside Cincinnati, then outside the United States. The first plant outside the United States was in Ontario, Canada.

In 1946, P & G entered a new market with tide. Tide as the performance of far more than the same period of similar goods, huge sales for P & G to enter new product lines and new markets to accumulate the necessary funds. Since then, P & G has broken new ground. Such as toothpaste in the field to launch the first fluoride toothpaste crest, and the first American Dental Defense Association certification. As the company expanded its footprint, P & G set up operations in Mexico, Europe and Japan to explore new markets. By 1980, P & G had accelerated globalisation through acquisitions. Established a global research and development network, research centers in the United States, Europe, Japan, Latin America and other places. P & G has numerous global brands.

In 1998, Procter & Gamble (P & G) set up its first joint venture in China — Foshan Guangzhou P & G Co., Ltd. Now P & G has been in Guangzhou, Beijing, Shanghai, Chengdu and other places with more than a dozen joint ventures, wholly-owned enterprises.

2. Company Strategy

2.1 Multi-Brand Strategy

P & G's Multi-Brand Strategy is a linear multi-brand strategy, which first divides its products into several broad categories, and then subdivides several brands under each broad category. For example, P & G Shampoo products in the soft, Pantene, head and shoulders, Sassoon and so on. The subsidiary brand of the company enriches and promotes the image of the parent brand by providing customers with high-quality product value and service experience, while P & G's Parent brand "P & G" has a good reputation and excellent quality in the eyes of the majority of consumers, at the same time, it also enhances the competitiveness of its sub-brands, which makes the products stand out.

P & G's Multi-Brand Strategy is to endow brand with different attributes from function, packaging

to marketing. In the field of Shampoo, head & Shoulders is mainly anti-dandruff and refreshing, the packaging is blue, the visual effect is fresh, the slogan "Dandruff goes away, hair is cleaner" is simple and clear to point out its target audience; Piao Rou, on the name manifests causes the beautiful hair to be soft the function, the advertisement image is a young girl to shake the silk like silk to be smooth the hair. Segment the market in one area, look for differences, produce distinctive products, will be different needs of consumers into P & G customers.

2.2 Analysis of the Success and Shortcomings of P&G's Multi-brand Strategy

2.2.1 Advantage

2.2.1.1 Risk Diversification, Resource Sharing

P & G's Multi-Brand Strategy can put eggs in different baskets, a brand failure, will not shake the foundation of P & G. At the same time, the success of a brand, but can be replicated, through the sharing of marketing resources, can be a brand's core competitiveness grafted to other brands, resulting in a huge marketing effectiveness.

2.2.1.2 Create Demand, Segment the Market

P & G defines enviable hair as supple, lustrous and dandruff-free. According to these points, shampoo with the functions of softness, health and anti-dandruff was made. By breaking the market down into these groups, and selling the difference to consumers through advertising with a distinct and impressive personality, the company has succeeded in gaining their favor, capturing the largest market share, and maximizing sales.

2.2.1.3 Keep it fresh and cater to preferences

Many consumers will look for the novelty of daily cosmetics, frequently changing the use of brands, P & G's Multi-Brand can give consumers enough room for rotation, and the distinctive and high-quality products, can let consumers get a great experience, keep the brand positive.

2.2.2 Disadvantage

2.2.2.1 There is a Gap between Parent and Child Brands, And Marketing Resources Cannot Be Effectively Integrated

Traditional single brand products such as fresh, moist classification, but also to meet the unique needs of different customer groups. Although P & G's multi-brand strategy in the past has captured a large number of markets by reinforcing the differences between each brand, however, it is also obvious that multi-brand's huge expenditure on communication cost and brand resources are not easy to form a resultant force and cause a waste of brand resources.

2.2.2.2 Loss of Market Share, Emerging Niche Brands are Waiting for Opportunities

After the rapid growth of P & G in the Chinese market from 1988 to 1997, the laudable brand communication strategy has gradually lost its advantage, so that under the encirclement of the newly-rich foreign investors and the minority brands, show the signs of market share loss, brand aging. P & G has not carried out high-level innovation in brand communication in recent years. If brand advertising encounters homogenization because of too many conventional cognitive elements, it needs to give up some conventional cognitive elements and carry out innovation, in order to make a difference.

Conclusion: The single and invariable marketing strategy can not bring more benefits to mncs, but may restrict their development and expansion. In the past, P & G used to bombard many brands with advertisements and send samples. These strategies once brought good results, but with the development and changes of the Times, the emergence of the Internet, let the marketing means diversification. On the basis of its traditional marketing strategy, we should take its essence, discard its dross, reasonably and appropriately develop a new modern marketing strategy.

3. Use the Model to Analyze the Status of P&G (China) Toiletries

3.1 Company Status

China's entire shampoo and hair care products market can tap great potential. But facing the

increasingly fierce market competition environment, P & G China not only has not obtained the performance and the scale growth, but appears the market status continuous decline. P & G's revenue stood at about \$80 billion in 2014, barely growing. In 2015, it was down 5.3% to \$76.28 billion. P & G's market share in China fell from a peak of 60 per cent to 35.8 per cent in 2016. P & G China is in trouble, with sales growth of just 1% in 2017, despite a series of structural and organizational changes to its brands that have failed to halt the downward trend. At the same time, Unilever, which has been catching up, has been gaining market share, and many other emerging brands at home and abroad are catching up.

3.2 Analysis of Porter's Five Forces Model

3.2.1 Bargaining Power of Suppliers

P & G is a leader in the shampoo and Conditioner Industry, although Cosmetic Shampoo and conditioner suppliers control upstream raw material prices, logistics, and inventory of related products, with its production scale, brand influence, and its own cost, channel advantage, professional team, suppliers have some bargaining power, but the threat to P & G is limited.

3.2.2 Bargaining Power of Buyers

Customer bargaining power is determined by the following factors: the degree of product differentiation, the buyer's sensitivity to price, and the buyer's switching costs, and so on. At present, the washing industry, functional products competition is very fierce, the price war is increasingly fierce, so there is a greater threat.

3.2.3 Threat of New Entrants

The scale of domestic market for washing and protecting has been further expanded, attracting foreign enterprises and enterprises in other industries to enter the washing and protecting industry. As a more mature industrial products, the threshold to enter the industry is relatively low. At the same time, the popularity of the Internet, so that the cost of building sales channels off the shelf. The cost of exit for potential entrants is also low, so the threat from potential entrants is now greater.

3.2.4 Substitutes

In recent years, there are a lot of hair and scalp health centers to seize the market share of traditional hair care products. Consumer replacement cost is low, the threat of alternatives is stronger under the present circumstances.

3.3 Rivalry

At present, the high-end market of the washing and nursing industry is dominated by various foreign capital and customization to seize market share, and the quick elimination and local brands are engaged in price war in the middle and low-end market.

Table 1: BCG Matrix Analysis

High Growth rate Low	Star (VS)	Question (Clairol)
	Cash cow (Head&Shoulders, Rejoice)	Dog (Ascend)
	High	Low
	Market share	

3.3.1 Star

We named Sassoon as the star product, its brand advantage is very obvious, market share rises quickly, customer base is big and repurchase rate is high. Such products will be an important source of corporate finance in the future and will require increased investment to support their rapid development.

3.3.2 Cash cow

Rejoice, Head&Shoulders has entered the mature period, the customer group is stable but slow growth, can provide funds for enterprises, thus become the enterprise to recover funds, support other products, especially star product investment backing.

3.3.3 Question

Clairol is a brand that porcupine bought from Bristol-Myers Squibb to beat out Unilever, Henkel of Germany, and Hankel of Japan to create a full line of hair colorants. Positioning it as a problem product

is mainly due to its low market share and low cash flow, but it has great potential.

3.3.4 Dog

Embellish Yan, the brand sales growth rate is low, relative market share is also low, should adopt retreat strategy, reduce batch, retreat gradually, transfer surplus resources to other products.

Summary: This chapter uses porter's five forces model and Boston Matrix Analysis P & G's external environment and product structure, summarize the external threats, and clarify the status of various products, analyze the advantages and disadvantages of P & G in the competitive environment in recent years.

4. Suggestions and Countermeasures

4.1 Increase R & D Efforts to Develop New Products

Market competition is increasingly fierce, only continuous innovation, segmentation of the market, in order to maintain the brand has always been competitive. With the improvement of living standards, consumer demand for cleaning and care products has become diversified and high standards. P & G should give full play to the advantages of R & D centers and improve competitiveness.

4.2 Expanding Into Third and Fourth Tier Cities

In the past P & G is mainly in the first-and second-tier cities deep farming, third-and fourth-tier cities, P & G only 9.9 floating soft occupy a very small share. Third-and fourth-tier cities still have large consumer groups, even if only 1% of the increase in the penetration rate, sales can have a significant increase.

4.3 Keep Up With the Trend of the Times and Strengthen the Advertising of New Media

With the rapid development of online shopping, P & G should also promote more investment in mobile, according to the monitoring data released by the China E-commerce Research Center; the peak time for Mobile Online shopping -- Between 8-10 am and 6-8 pm each day -- is the peak time for commuting. P & G can take advantage of the "bus effect" of mobile shopping, adjust the corresponding advertising and promotional activities, and so on.

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