



By: Nicole Stewart, Amalie Barras, Ben Johnson,  
Clement Petty and Jordan Arroyo



# P&G Japan: The Sk-II Globalization Project

## Recommendation

We feel the best course of action for P&G is Alternative 4. Implementing a slow, global expansion.

### Alternative 4

Testing the Global Waters

- A third possible alternative to address L'Oréal's concerns is a slow, careful global expansion.
- Test markets in Asia, North America, and Europe which would provide insights into the potential success of SK-II internationally.
- If successful eventually, follows the brand prestige.

### Alternative 3

Test the Global Waters

- A third possible alternative to address L'Oréal's concerns is a slow, careful global expansion.
- Test markets in Asia, North America, and Europe which would provide insights into the potential success of SK-II internationally.
- If successful eventually, follows the brand prestige.

### Alternative 2

Test the Global Waters

- A third possible alternative to address L'Oréal's concerns is a slow, careful global expansion.
- Test markets in Asia, North America, and Europe which would provide insights into the potential success of SK-II internationally.
- If successful eventually, follows the brand prestige.

### Alternative 1

Test the Global Waters

- Return to some of L'Oréal's concerns look of L'Oréal's alternative alternative from competitors.
- Address the risk of global expansion.
- Focus on increasing R&D and marketing in the West and use Japanese Market.
- Slow income growth and low capital and sales focus are not things that build the brand and product and L'Oréal's view "is not" consistent.



Exhibit 11 Global Market Market Size 1999

Sk-II Cos. Sales market and prestige

Region	Market Size	Sk-II Cos. Sales	Market Share
Japan	1,200	1,200	100%
North America	1,500	100	6.7%
Europe	1,500	100	6.7%
Asia	1,500	100	6.7%
Latin America	1,500	100	6.7%
Africa	1,500	100	6.7%
Oceania	1,500	100	6.7%
Other	1,500	100	6.7%
<b>Total</b>	<b>10,500</b>	<b>1,000</b>	<b>9.5%</b>

Exhibit 10 Global Prestige Market: Size and Geographic Split

Global Prestige Market 1999 (Preposture, Consumer, Sk-II) = \$15 billion at retail level for which approximately 60% is sales tax

Region	Market Size	Sk-II Cos. Sales	Market Share
Japan	9,000	9,000	100%
North America	3,000	200	6.7%
Europe	3,000	200	6.7%
Asia	3,000	200	6.7%
Latin America	3,000	200	6.7%
Africa	3,000	200	6.7%
Oceania	3,000	200	6.7%
Other	3,000	200	6.7%
<b>Total</b>	<b>45,000</b>	<b>3,000</b>	<b>6.7%</b>



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## **Purpose**

To recommend an alternative to the question currently being considered of whether Proctor and Gamble should expand its SK-II product line globally and, if so, to which markets.

# Background

- Cesare, GM of Max Factor Japan, believes SK-II shows potential as a global brand, but higher executives (Lafley) remain unconvinced
- SK-II has slipping Japanese market share, and P&G has sluggish 2% annual growth rate globally.
- P&G's CEO believes this is due to the company's risk-averse culture.
  - Company must decide whether the high margin, multistep prestige beauty care product is viable as a global brand.