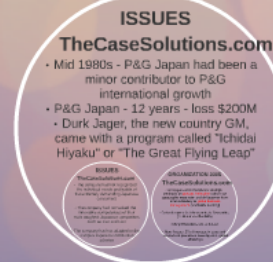




Mauboussin Japan: A French Gem in Asia

SK-II

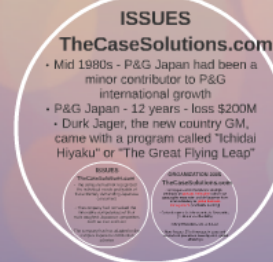


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Mauboussin Japan: A French Gem in Asia

SK-II



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Overview

- 1970 - 'Pitera' (yeast-based ingredient) discovered by a Japanese monk
 - 1980 - Launched under P&G
- 1999 - P&G considered SK-II as their global brand

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ANALYSIS

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- Demand in China, Europe and US
- Following the trends in Japan
- Competitive advantage for SK-II
- Complex procedures
- High end price

ANALYSIS

- Mainland China was a poorer country
 - Hong Kong, Singapore, Taiwan - better countries to target
- Adding anti-aging and skin whitening formula for SK-II

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ISSUES

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- Mid 1980s - P&G Japan had been a minor contributor to P&G international growth
- P&G Japan - 12 years - loss \$200M
- Durk Jager, the new country GM, came with a program called "Ichidai Hiyaku" or "The Great Flying Leap"

ISSUES

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- The company had not recognized the individual needs and habits of the extremely demanding Japanese consumers
- The company had not valued the innovative competences of their main toughest Japanese competitors such as Kao and Lion
- The company had not adapted to the complex Japanese distribution scheme

ORGANIZATION 2005

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- A reorganization that places strategic emphasis on **product innovation** rather than geographic expansion and shifts power from local subsidiary to **global business management** (worldwide learning)
- Cultural approach: Ethnocentric to Geocentric (multi-national flexibility)
- Many Executives are confused
- Next 4 years: 270% increase in sales and reduced unit production costs by 62% (global efficiency)

FUTURE RECOMMENDATIONS

- Understanding of national and corporate culture
 - Individual beautician
- Complex procedures are common now
 - Heritage means Luxury (Europe)
- China's issue in 2006 - something to look at
 - Counterfeit and high import duties
- P&G should enter and take advantage on the increased growth for SK-II anyway

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