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SKIL China: Managing Public Relations P&G Japan



Introduction

- P&G, founded in 1837, expanded globally as early as the 1930s.
- Expanding internationally, P&G moved from a MNC model to a regional model in the 1980s and finally towards a transnational in the late 1990s.
- This presentation will outline some of the issues the president of P&G Japan faced in deciding to make SK-II a P&G global brand. I will cover these issues in details.
- In the light of these issues, P&G to makes decision which Chris will go over.
- The outcome of the decisions will be Covered by David.
- and the financial performance will be Covered by Richard.
- As for the strategic performance, Hassan will cover that for us.

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ISSUES

2- Organization based:

- SK-II would be a distraction to P&G's strategy of becoming mainstream ahead of the competition in China

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We can look at the issues facing De Cesare from two different dimensions:

- 1- Market Base (Japanese, Chinese and European Markets)
- 2- Organizational Base.





ISSUES

A- The Japanese market:

- has a great potential to expand. P&G has Only 3% of a market share of 10 Billion dollars.
- Compared to new markets' entry options, investment will be low.

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B-The Chinese market:

- **SK-II would be a distraction to P&G's strategy of becoming mainstream ahead of the competition.**
- **3 month Supply could cost more than the monthly salary for the average working city woman.**
- **Widespread existence of counterfeit products.**
- **Long import registration process – one year and import duties of 35% to 40%.**



ISSUES

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C- The European market:

- Uncertainty of consumer adoption of the SK-II multi step ritual process.
- The introduction of a totally new brand into an already crowded field of high-profile, well-respected competition
- High TV and print ads cost make these ads prohibitive.
- The impossibility to justify SK-II consultants in countries such as Germany (product sold through 1000s of perfumeries).

Decisions



Durk I. Jager, President and Chief Executive, at of Procter & Gamble's 21 technical centers.

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Decisions

Globalization of SK-II
Launched in China in 1999 in Shanghai
Launched in the UK in 2000
Initially sold only in 2 Selfridges stores, later in Harrods and Fraser
Not launched in Germany or France

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Decisions

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Decisions

CEO Durk Jager's Approach (1999 Annual Report):
1- Accelerate GROWTH is our top priority.
2- Breadth of businesses brings ADVANTAGE
3- CONNECTING technologies to build a new Brand
4- Unleashing INNOVATION
5- Organizing for SPEED

Decisions

Procter & Gamble's SK-II
Launched in many countries
Launched in the UK in 2000
Initially sold only in 2 Selfridges stores, later in Harrods and Fraser
Not launched in Germany or France



Decisions

Globalization of SK-II

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Decisions

- ### Globalization of Saks Fifth Avenue
- Launched in 2005
 - Sold exclusively in 5 locations in the US
 - 5 location system
 - 26 Saks stores in 2005