

OUTLINE

- Case Summary
- Company Background
- Problem Definition
 - Company
 - Competitor
 - Customer
- Alternative Courses of Action
- Proposed Recommendations
 - Case Questions

Procter and Gamble's Background

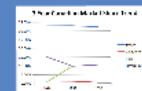
- Company Philosophy
- P&G markets it's products in over 140 different countries
- Net earning of \$1.6 billion in 1990
- Canadian subsidiary contributed \$1.4 billion in sales and \$100 million in net earnings
- Between 1987 and 1990, worldwide sales of P&G increased by \$8 billion

Statement of Purpose and Strategy (highlights)

- "We will provide products of superior quality and value that best fill the needs of customers"
- "We will concentrate our resources on the most profitable categories and on unique important Canadian market opportunities"
- "We will continuously stay ahead of competitors while aggressively defending our established profitable businesses against major competitive challenges despite short-term profit consequences"

Case Summary

- Gwen Hearst became Scope's brand manager in 1988
- Scope held a 32% market share in 1990
- Since it's introduction in 1988, Plax had gained a 10% market share of the product category and posed a threat to Scope
- Scope and Plax offer two different competitive advantages



Problem Definition

The problem that P&G and Gwen Hearst face is how to maintain Scope's market share in the face of Plax's aggressive marketing strategy. Plax's entry into the market has created a competitive advantage for Scope, but it has also created a threat to Scope's market share.

P&G

Company Philosophy

Statement of Purpose

Strategy



Scope Harvard Case Solution & Analysis

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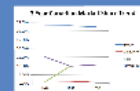
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Problem Definition

The problem that P&G and Gwen Hearst faced in the late 1980s was that Scope (brand manager) had a 32% market share in 1990. Since it's introduction in 1988, Plax had gained a 10% market share of the product category and posed a threat to Scope. The problem was to maintain the competitive advantage of the brand, Scope.

P&G

Company Philosophy

Statement of Purpose

Case Summary



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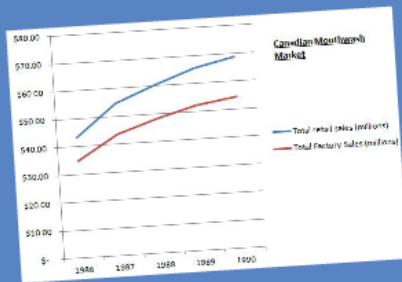
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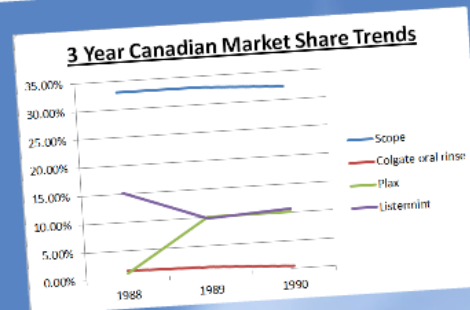
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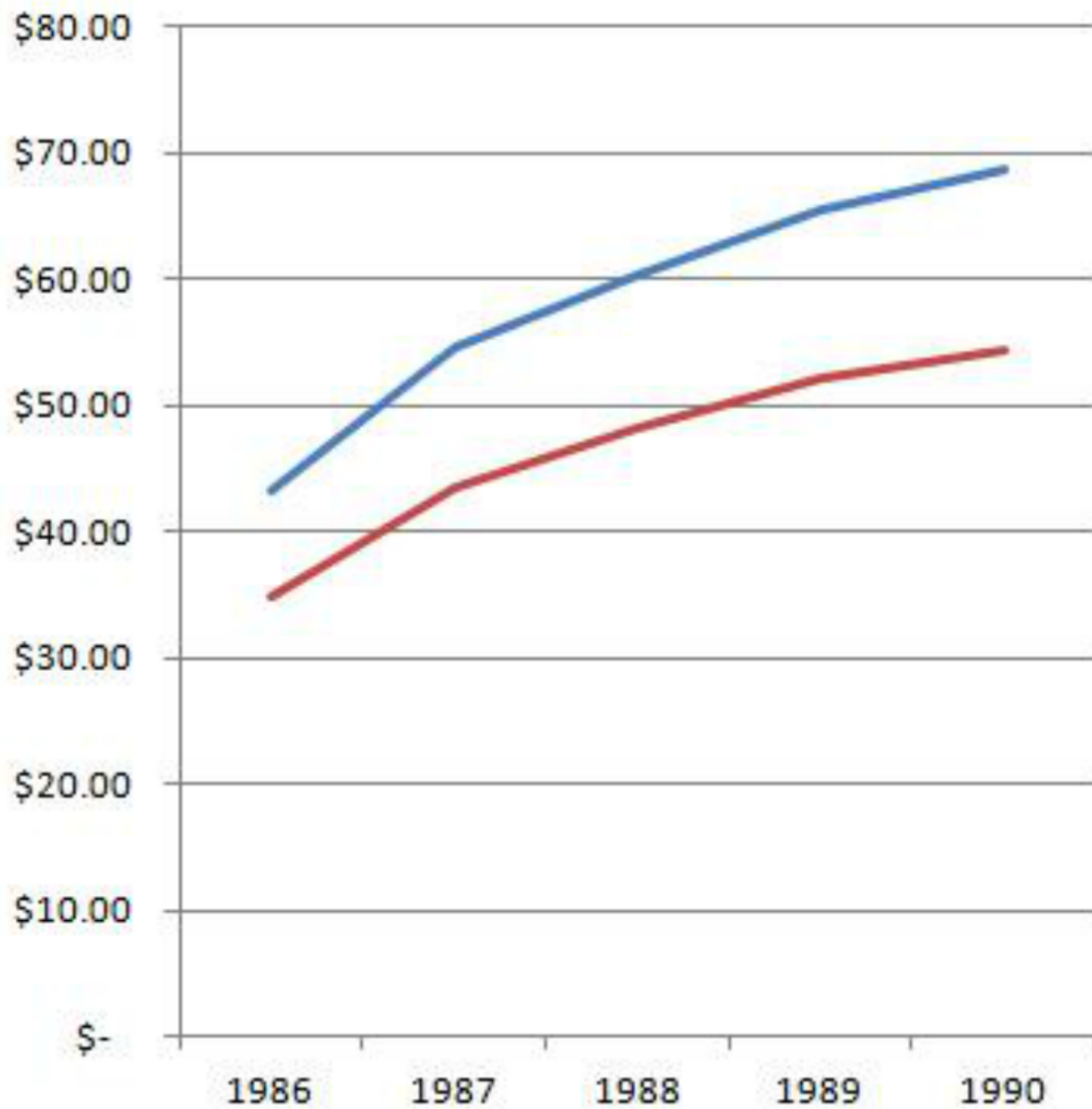
	Units			1990 Average	
	1988	1989	1990	Food	Drug
Scope	33.00%	33.00%	32.30%	42.00%	27.00%
Listerine	15.20%	16.10%	16.20%	17.00%	19.00%
Listerine	15.20%	9.30%	10.60%	8.00%	12.00%
Parodont	13.60%	10.60%	10.30%	9.00%	11.00%
Colgate oral rinse	1.40%	1.20%	0.50%	0.40%	0.50%
Plax	1.00%	10.00%	10.00%	38.00%	15.00%
Storck Brands	16.00%	15.00%	16.00%	2.00%	4.50%
Miscellaneous other	8.60%	3.90%	3.70%	100.00%	100.00%
Total	100.00%	100.00%	100.00%		
Retail sales (000,000)	\$61.20	\$65.40	\$68.00	\$24.00	\$44.60



Problem

The problem faces is how respond to Gwen's pro needs to er profitabili

Canadian Mouthwash Market



— Total retail sales (millions)
— Total Factory Sales (millions)

Advantages

	Canadian Mouthwash Market Shares					
	Units			1990 Average		
	1988	1989	1990	Food	Drug	
Scope	33.00%	33.00%	32.30%	42.00%	27.00%	
Listerine	15.20%	16.10%	16.60%	12.00%	19.00%	
Listermint	15.20%	9.80%	10.60%	8.00%	12.00%	
Cepacol	13.60%	10.60%	10.30%	9.00%	11.00%	
Colgate oral rinse	1.40%	1.20%	0.50%	0.40%	0.50%	
Plax	1.00%	10.00%	10.00%	8.00%	11.00%	
Store Brands	16.00%	15.40%	16.00%	18.00%	15.00%	
Miscellaneous other	4.60%	3.90%	3.70%	2.60%	4.50%	
Total	100.00%	100.00%	100.00%	100.00%	100.00%	
Retail sales (000,000)	\$60.20	\$65.40	\$68.60	\$24.00	\$44.60	

Canadian Market Share Trends

3 Year Canadian Market Share Trends

