

Procter and gamble (procter) essay

[Business](#), [Company](#)



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386 U. S. 568, F. T. C. v. Procter and Gamble (1967)

Abstract

The Procter and Gamble has diversified on the marketing of the household's products. The company has employed strategic moves that have enabled it to have large market share. The company has merged with Clorox chemical firm and enjoying high quality product in the market. The case on the company has proved the importance marketing strategy in the competition. Advertisement has increased the company's sale and being allocated largest fund. The case is connected with the discount given to the company by the media. The levels of performance are connected to the quality of the products and the response of the customers.

Introduction

The company has diversified on the manufacture of the household products since 1957 as it acquired the capital and assets from the Clorox Chemical firm. This was the basis at which the company produced and manufactured

the liquid bleach and having greater market share nationally. In the regional market, the company had more than 48 percent of the national market share (Law, 1981). The market competition was high as the Clorox Company with one more giant firm had more than 60 percent, and the four leading companies constituted more than 80 percent. These mean more than 200 small companies in the sector are sharing the 20 percent left in the market share.

The Procter gained domination in the sector especially in the soap, detergent and cleaning equipment. The company made more than a billion in the total sales this giving an indication of the venture in the market. The company has employed more in the advertisement had hence taken the largest share in the market. In respect to the amount of the advertisement, it was given discounts by the media which was substantial hence challenging other in the market share and hence resulting to more sales (Pepall, Richards, & Norman, 2008). The substitution of the Procter for Clorox discouraged fair competition from other firms in the sector due to the fear of the entry. In their view, the firm Procter was to be eliminated from the market and it was the prospect company that had more potential. The changes were on the acquisition of the companies and the Procter and Clorox seemed to have violated Clayton Act 7.

The provision of the US Antitrust Law

In response on the geographical relevance of the company, the court of appeal reversed the FTC on the basis of the illegality findings. The commerce on the households bleaching liquid had to be defined in respect of the marketing region and geographical basis. The mere suspension on the

marketing and advertisement was sought to be imposed to the company as it had made great steps in competition. The court had no objection of the criteria's that was applied on the marketing and advertisement. The major concern from other companies was on the advertisement discount from the media as well the possession of a large market share (Bishara & Westermann-Behaylo, 2006). Discount was termed as illegal and decided that the procter had no intention on the field entering. This was directed to the company affecting others in the marketing their product and reaching for more money.

The concern was on the merger of the companies of which was to be determined as horizontal, conglomerate or vertical in respect to the Clayton Act standard of 7. The definition on the competitiveness was also required to be elaborated on the regard of the future, current and applicability. On the issue of the merger, the company sought the directive in accordance to the act and had no violation (Meyer, Agata, & Agata, 1999). The rulings from the court decided that the companies had the right of coming with a similar and the option of coming together and enjoy the market. The trend of the competition that is expected in the future is stiffer than the rival companies expected. The Procter joining with the Clorox has the aim of increasing the market both geographically and sale hence large market share.

Industry Structure and trends of projection in mergers cases

The definition of the market and imperfections are taken care of by the court in the ruling. The explanation of the geographical and the sale level has not given the company restrictions. The court also commented on the competition degree where the companies have to extend and apply the

lawful means in competition (Pepall, Richards, & Norman, 2008). The different methods in the sales such as advertisement are encouraged and hence applicable. The issue that was presented on locking the two giants in the market was disregarded on the ruling due to they are increasing the market share. The companies had to seek all the means to ensure the expansion of the sales and market geographically was attained.

In the marketing, the companies especially the leading ones were made free in employing all the competitive strategies in increasing their share. The differentiated and acting as a low cost leading companies attracted more customers hence enjoying competitive advantages. The company had to use low cost production in ensuring the expenditure rate is low. This helped in setting fewer prices in their product than the rival companies in the industry (Caldwell & Association, 2001). Differentiation on the household products such as soaps detergents and the learning items made the company enjoy a large market share. The quality of the product enabled the customers to increase their royalty and confidence. Meeting the customers taste, and their presence was the objective of the company. Through advertisement, the company was able to get a chance to meet their customers and finally having a major tender of supplying the soaps in the barracks. This was a major achievement in the period as it contributed a large sale in the quantity hence earning the company more returns.

During the hearing, the company had to defend its position on the competition. The company was not anticompetitive as the rival puts it in the respect of their defensive and market entry. The company had a right to join with the leading companies especially in the marketing as the aim to capture

the market. The competition, the firm are supposed to come up with logical moves in entering the market and taking the available opportunities to become successful.

On the logistics on the legal actions taken, the rival firms had to seek other alternatives in entering the market (Meyer, Agata, & Agata, 1999). They may merge with the aim of increasing their market power and hence increasing the market share. The employment of advertisement and differentiating the product helps in making the firm enjoy the competitiveness. The market definition on the aspect of geographical are essential, and the study should be done before entering the market. The advantages are taken from the acknowledgement of the customers through provision of the quality products.

Structure conduct performance model

The model in the case has presented the structural performance of the new company after merger in relation to the conducts in the market. The performance has been the center of the case, and the defendant company has shown the different levels practically attained. The major issue being on the violation of the advertisement and gaining the discount from the media, and the company has been able to point out is from their large investment in the media has given them the favor (Bishara & Westermann-Behaylo, 2006). The need of the differentiation during the production of the household products, the company has enjoyed the market in respect to the rival firms in the field. The company was able to win the tender from the barrack hence having large return in their investment.

In the consideration of the case, the ruling was intended to encourage other

rival companies in the sector to seek other avenues in the attaining the market share. The merger in the companies and their decision depends on the intention they have on the entire market. The management of the most leading company in the household's product has decided to ensure they take the control of the market . The division and share of the returns are supposed to be their issues in relation to their agreements.

The application of the model in the case has helped in the definition of the extent at which the rival firms has to emulate (Caldwell & Association, 2001). The decision on the acceptance of the firms joining together gave other firms a clear direction to take in increasing their competitiveness. The firms are supposed to control their production in respect to the achievement of the goal. The major determinate of the progress of the firms is the customers hence decisions are made in respect to the customers want.

The understanding of the rival companies on the move taken by the court was to ensure they meet the demand of the customers in performance. The companies are supposed to ensure their product quality judge their performance. Strategies in the marketing are essential especially on the household's related products. Advertisement in the major concern and has a greater effect in the market. The levels of returns are supposed to ensure their customers are satisfied. The results of the case are more educative as well the eye opener regarding the marketing and how to win the customers. In conclusion, the case in the court was supposed to act as the subject and the guidance of the rival companies. The less performing companies are supposed to learn the tactics that are employed by the firm on the attaining the large market share (Pepall, Richards, & Norman, 2008). The rival

companies are young in the industry especially in the households products are supposed to ensure their products are in accordance to meet the customers taste and preference. The issues of quality of the product are major in the marketing. The advertisement helps in establishment of the market and possessing the customers due to their satisfaction with the product. The companies should undertake market research to identify the physical geographical location to market their products.

Finally, the rival companies are supposed to differentiate their products as well the quality in respect of meeting the demand and standard set by the leading companies. The employment of the other strategies such as pricing, branding and market mix helps in defining the market performance. The conduct, performance and structure of the market are essential in enhancing the company in meeting the objective. The Clorox Company has taken the advantage and initiative of the market structure and strategically competing effectively.

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