

Marketing project on pandg assignment

[Art & Culture](#)



Consumer Understanding No company in the world has invested more in market research than P&G. We interact with more than five million consumers each year in nearly 100 countries. We conduct over 20, 000 research studies every year, and invest more than \$400 million annually in consumer understanding. The insights we gain help us identify opportunities for innovation and better serve and communicate with our consumers.

Innovation P&G is the industry’s innovation leader. Nearly all organic sales growth over the past decade has come from new brands or improved products.

We also leverage a global network of research partners??? and more than half of all product innovation coming from P today includes at least one major component from an external partner. Their contributions have consistently helped us earn honors from the SymphonyIRI New Product Pacesetters Report??? the annual list of the biggest innovations in our industry. Over the past 16 years, P has had 132 products on the top 25 Pacesetters list??? more than our six largest competitors combined.

In 2010, P launched 4 of the top 10 most successful non-food products as judged by SymphonyIRI: Crest 3D White, Olay Professional Pro-X, Scope Outlast and Tide Stain Release. And in 2009, SymphonyIRI recognized P as the most innovative manufacturer in the consumer packaged goods industry for the last decade??? presenting the Company with its “ Outstanding Achievement in Innovation” award. Brand-Building P is the brand-building leader of our industry.

We've built the strongest portfolio of brands in the industry with 50 leadership brands that are among some of the world's best-known household names and which together make up 90% of P's sales and more than 90% of profits. Twenty-three of these brands each generate more than \$1 billion dollars in annual sales. Go-to-Market Capabilities We've established industry-leading go-to-market capabilities. P is consistently ranked by leading retailers in industry surveys as a preferred supplier. We're also frequently ranked as the industry leader in a wide range of capabilities, including clearest company strategy, brands most important to retailers, strong business fundamentals and innovative marketing programs. Scale P&G is creating scale advantage by integrating across our enterprise, consistently acting as one Company across our businesses and markets. By harnessing the strength of our brands and categories as one Company, we can better serve more consumers around the globe. With all of our brands, businesses, and people working in unison, we can create scale advantages by allocating resources more strategically and efficiently than any individual business can do on its own.

MARKETING: US-based FMCG major, Proctor and Gamble (P&G) is believed to have pioneered the marketing research concept way back in 1924. The case gives a brief account of the evolution and growth of P&G's marketing research efforts. The various marketing research tools used by the company are discussed in detail and several real life instances are narrated. P used qualitative research tools, such as focus groups, in-house visits, in-context visits and in-store interviews, and quantitative research tools like blind tests, concept tests, and so on.

Within the marketing development organization (MDO), CMK's role focuses on how we deliver the global business strategy to the local market/consumer. You'd use consumer and customer learning to maximize the business potential of new and existing brands; you'd also identify new consumer segments and market channels. Projects within the MDO are exciting and diverse; you could work on an entry-point marketing program directed at attracting the teen consumer, or you'd identify ways to market to French Canadian consumers more effectively.

You might work directly with our major account teams to identify mutually beneficial ways to market our products to consumers. The ultimate goal: to improve and maximize the sales potential of our initiatives across all the GBUs.

FINANCIAL STATEMENTS Consolidated Statements of Earnings
Amounts in millions except per share amounts; Years ended June

30200920082007 NET SALES\$79, 029\$81, 748\$74, 832 Cost of products sold38, 89839, 53635, 659 Selling, general and administrative expense24, 00825, 57524, 170 OPERATING INCOME16, 12316, 63715, 003 Interest expense1, 3581, 4671, 304 Other non-operating income, net560462565

EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES15, 32515, 63214, 264 Income taxes on continuing operations4, 0323, 8344, 201

NET EARNINGS FROM CONTINUING OPERATIONS11, 29311, 79810, 063 NET

EARNINGS FROM DISCONTINUED OPERATIONS2, 143277277 NET

EARNINGS\$13, 436\$12, 075\$10, 340 BASIC NET EARNINGS PER COMMON

SHARE: Earnings from continuing operations\$ 3. 76\$ 3. 77\$ 3. 13 Earnings

from discontinued operations0. 730. 090. 09 BASIC NET EARNINGS PER

COMMON SHARE4. 493. 863. 22 DILUTED NET EARNINGS PER COMMON

<https://assignbuster.com/marketing-project-on-pg-assignment/>

SHARE: Earnings from continuing operations 3. 583. 562. 96 Earnings from discontinued operations 0. 80. 080. 08 DILUTED NET EARNINGS PER COMMON SHARE 4. 263. 643. 04 DIVIDENDS PER COMMON SHARE \$ 1. 64 \$ 1. 45 \$ 1. 28

Extra Note 1: Summary of Significant Accounting Policies Nature of Operations The Procter & Gamble Company's (the " Company," " we" or " us") business is focused on providing branded consumer goods products of superior quality and value. Our products are sold in more than 180 countries primarily through retail operations including mass merchandisers, grocery stores, membership club stores, drug stores, department stores, salons and high-frequency stores.

We have on-the-ground operations in approximately 80 countries. Basis of Presentation The Consolidated Financial Statements include the Company and its controlled subsidiaries. Intercompany transactions are eliminated. Use of Estimates Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U. S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and accompanying disclosures.

These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Estimates are used in accounting for, among other items, consumer and trade promotion accruals, pensions, post-employment benefits, stock options, valuation of acquired intangible assets, useful lives for depreciation and amortization, future cash flows associated with impairment testing for goodwill, indefinite-

lived intangible assets and long-lived assets, deferred tax assets, uncertain income tax positions and contingencies.

Actual results may ultimately differ from estimates, although management does not generally believe such differences would materially affect the financial statements in any individual year. However, in regard to ongoing impairment testing of goodwill and indefinite-lived intangible assets, significant deterioration in future cash flow projections or other assumptions used in valuation models, versus those anticipated at the time of the initial valuations, could result in impairment charges that may materially affect the financial statements in a given year.

Revenue Recognition Sales are recognized when revenue is realized or realizable and has been earned. Most revenue transactions represent sales of inventory. The revenue recorded is presented net of sales and other taxes we collect on behalf of governmental authorities and includes shipping and handling costs, which generally are included in the list price to the customer. Our policy is to recognize revenue when title to the product, ownership and risk of loss transfer to the customer, which can be on the date of shipment or the date of receipt by the customer.

A provision for payment discounts and product return allowances is recorded as a reduction of sales in the same period that the revenue is recognized. Trade promotions, consisting primarily of customer pricing allowances, merchandising funds and consumer coupons, are offered through various programs to customers and consumers. Sales are recorded net of trade

promotion spending, which is recognized as incurred, generally at the time of the sale. Most of these arrangements have terms of approximately one year.

Accruals for expected payouts under these programs are included as accrued marketing and promotion in the accrued and other liabilities line item in the Consolidated Balance Sheets. Cost of Products Sold Cost of products sold is primarily comprised of direct materials and supplies consumed in the manufacture of product, as well as manufacturing labor, depreciation expense and direct overhead expense necessary to acquire and convert the purchased materials and supplies into finished product.

Cost of products sold also includes the cost to distribute products to customers, inbound freight costs, internal transfer costs, warehousing costs and other shipping and handling activity. Selling, General and Administrative Expense Selling, general and administrative expense (SG) is primarily comprised of marketing expenses, selling expenses, research and development costs, administrative and other indirect overhead costs, depreciation and amortization expense on non-manufacturing assets and other miscellaneous operating items.

Research and development costs are charged to expense as incurred and were \$2, 044 in 2009, \$2, 212 in 2008, and \$2, 100 in 2007. Advertising costs, charged to expense as incurred, include worldwide television, print, radio, internet and in-store advertising expenses and were \$7, 579 in 2009, \$8, 583 in 2008 and \$7, 850 in 2007. Non-advertising related components of the Company's total marketing spending include costs associated with consumer promotions, product sampling and sales aids, all of which are

included in SG&A, as well as coupons and customer trade funds, which are recorded as reductions to net sales.

Other Non-Operating Income, Net Other non-operating income, net, primarily includes net divestiture gains and interest and investment income. Currency Translation Financial statements of operating subsidiaries outside the United States of America (U. S.) generally are measured using the local currency as the functional currency. Adjustments to translate those statements into U. S. dollars are recorded in other comprehensive income. Currency translation adjustments in accumulated other comprehensive income were gains of \$3, 333 and \$9, 484 at June 30, 2009 and 2008, respectively.

For subsidiaries operating in highly inflationary economies, the U. S. dollar is the functional currency. Remeasurement adjustments for financial statements in highly inflationary economies and other transactional exchange gains and losses are reflected in earnings. Cash Flow Presentation The Statements of Cash Flows are prepared using the indirect method, which reconciles net earnings to cash flow from operating activities. The reconciliation adjustments include the removal of timing differences between the occurrence of operating receipts and payments and their recognition in net earnings.

The adjustments also remove cash flows arising from investing and financing activities, which are presented separately from operating activities. Cash flows from foreign currency transactions and operations are translated at an average exchange rate for the period. Cash flows from hedging activities are included in the same category as the items being hedged. Cash flows from

derivative instruments designated as net investment hedges are classified as financing activities.

Realized gains and losses from non-qualifying derivative instruments used to hedge currency exposures resulting from intercompany financing transactions are also classified as financing activities. Cash flows from other derivative instruments used to manage interest, commodity or other currency exposures are classified as operating activities. Cash payments related to income taxes are classified as operating activities. Cash Equivalents Highly liquid investments with remaining stated maturities of three months or less when purchased are considered cash equivalents and recorded at cost.

Investments Investment securities consist of readily marketable debt and equity securities. Unrealized gains or losses are charged to earnings for investments classified as trading. Unrealized gains or losses on securities classified as available-for-sale are generally recorded in shareholders' equity. If an available-for-sale security is other than temporarily impaired, the loss is charged to either earnings or shareholders' equity depending on our intent and ability to retain the security until we recover the full cost basis and the extent of the loss attributable to the creditworthiness of the issuer.

Investments in certain companies over which we exert significant influence, but do not control the financial and operating decisions, are accounted for as equity method investments and are classified as other noncurrent assets. Other investments that are not controlled, and over which we do not have the ability to exercise significant influence, are accounted for under the cost

method. Inventory Valuation Inventories are valued at the lower of cost or market value.

Product-related inventories are primarily maintained on the first-in, first-out method. Minor amounts of product inventories, including certain cosmetics and commodities, are maintained on the last-in, first-out method. The cost of spare part inventories is maintained using the average cost method.

Property, Plant and Equipment Property, plant and equipment is recorded at cost reduced by accumulated depreciation. Depreciation expense is recognized over the assets' estimated useful lives using the straight-line method.

Machinery and equipment includes office furniture and fixtures (15-year life), computer equipment and capitalized software (3- to 5-year lives) and manufacturing equipment (3- to 20-year lives). Buildings are depreciated over an estimated useful life of 40 years. Estimated useful lives are periodically reviewed and, when appropriate, changes are made prospectively. When certain events or changes in operating conditions occur, asset lives may be adjusted and an impairment assessment may be performed on the recoverability of the carrying amounts.

Goodwill and Other Intangible Assets Goodwill and indefinite-lived brands are not amortized, but are evaluated for impairment annually or when indicators of a potential impairment are present. Our impairment testing of goodwill is performed separately from our impairment testing of individual indefinite-lived intangibles. The annual evaluation for impairment of goodwill and indefinite-lived intangibles is based on valuation models that incorporate

assumptions and internal projections of expected future cash flows and operating plans.

We believe such assumptions are also comparable to those that would be used by other marketplace participants. We have a number of acquired brands that have been determined to have indefinite lives due to the nature of our business. We evaluate a number of factors to determine whether an indefinite life is appropriate, including the competitive environment, market share, brand history, product life cycles, operating plans and the macroeconomic environment of the countries in which the brands are sold.

When certain events or changes in operating conditions occur, an impairment assessment is performed and indefinite-lived brands may be adjusted to a determinable life. The cost of intangible assets with determinable useful lives is amortized to reflect the pattern of economic benefits consumed, either on a straight-line or accelerated basis over the estimated periods benefited. Patents, technology and other intangibles with contractual terms are generally amortized over their respective legal or contractual lives.

Customer relationships and other non-contractual intangible assets with determinable lives are amortized over periods generally ranging from 5 to 40 years. When certain events or changes in operating conditions occur, an impairment assessment is performed and lives of intangible assets with determinable lives may be adjusted. Fair Values of Financial Instruments
Certain financial instruments are required to be recorded at fair value.

The estimated fair values of such financial instruments (including certain debt instruments, investment securities and derivatives) have been determined using market information and valuation methodologies, primarily discounted cash flow analysis. Changes in assumptions or estimation methods could affect the fair value estimates; however, we do not believe any such changes would have a material impact on our financial condition, results of operations or cash flows. Other financial instruments, including cash equivalents, other investments and short-term debt, are recorded at cost, which approximates fair value.

The fair values of long-term debt and derivative instruments are disclosed in Note 4 and Note 5, respectively. Subsequent Events For the fiscal year ended June 30, 2009, the Company has evaluated subsequent events for potential recognition and disclosure through August 14, 2009, the date of financial statement issuance. New Accounting Pronouncements and Policies Other than as described below, no new accounting pronouncement issued or effective during the fiscal year has had or is expected to have a material impact on the Consolidated Financial Statements.

FAIR VALUE MEASUREMENTS On July 1, 2008, we adopted new accounting guidance on fair value measurements. The new guidance defines fair value, establishes a framework for measuring fair value under U. S. GAAP, and expands disclosures about fair value measurements. It was effective for the Company beginning July 1, 2008, for certain financial assets and liabilities. Refer to Note 5 for additional information regarding our fair value measurements for financial assets and liabilities.

The new guidance is effective for non-financial assets and liabilities recognized or disclosed at fair value on a nonrecurring basis beginning July 1, 2009. The Company believes that the adoption of the new guidance applicable to non-financial assets and liabilities will not have a material effect on its financial position, results of operations or cash flows.

DISCLOSURES ABOUT DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

On January 1, 2009, we adopted new accounting guidance on disclosures about derivative instruments and hedging activities.

The new guidance impacts disclosures only and requires additional qualitative and quantitative information on the use of derivatives and their impact on an entity's financial position, results of operations and cash flows.

Refer to Note 5 for additional information regarding our risk management activities, including derivative instruments and hedging activities.

BUSINESS COMBINATIONS AND NONCONTROLLING INTERESTS IN CONSOLIDATED

FINANCIAL STATEMENTS In December 2007, the Financial Accounting Standards Board issued new accounting guidance on business combinations and noncontrolling interests in consolidated financial statements.

The new guidance revises the method of accounting for a number of aspects of business combinations and noncontrolling interests, including acquisition costs, contingencies (including contingent assets, contingent liabilities and contingent purchase price), the impacts of partial and step-acquisitions (including the valuation of net assets attributable to non-acquired minority interests) and post-acquisition exit activities of acquired businesses. The new guidance will be effective for the Company during our fiscal year beginning July 1, 2009.

<https://assignbuster.com/marketing-project-on-pg-assignment/>

The Company believes that the adoption of the new guidance will not have a material effect on its financial position, results of operations or cash flows.

Qualitative Research Tools P&G undertook qualitative research to generate new ideas for product and market development. The researchers engaged the customers in detailed discussions over different features of the company's products. As a result, the personal interaction between the researchers and the consumers was high. The major qualitative research tools used by P included focus-group discussions, in-home visits, in-context visits and in-store interviews...

Conducting Marketing Research Online P conducted online concept tests to get feedback from consumers. This feedback helped it in new product introduction and launching improved versions of existing products... ???

Local adaptation of global models ??? Consumer insight and understanding ??? Co-marketing with customers ??? Planning and executing local market trial/loyalty programs ??? Local copy development ??? Equity tracking ??? Identifying business-building opportunities ??? Creation of holistic marketing plans FINANCE ??? Provide leadership to business decision making and innovative planning. Manage the Company's financial issues to build shareholder return. ??? Identify and analyse risk areas for decision making, and recommend action steps. ??? Assess the financial impact of products or projects. You will work collaboratively in a team environment with top-caliber people from a variety of different functions. You will be challenged by the dynamic work environment where you will develop your financial skills, and learn how to lead, manage and develop others.

MANUFACTURIN ??? Oversee capital and construction projects. ??? Engineer

and improve manufacturing processes. ??? Manage maintenance, electrical and systems engineering. Coordinate materials management and finish product supply chain. ??? Analyse costs. ??? Lead production and support teams to deliver results. ??? The product supply environment challenges you with early and meaningful responsibility for budgets, operating results and management of other employees. As part of a Global Business Unit, manufacturing sites are strategically focused on driving innovation and speed on a global basis. Our career planning process allows employees to become experts within a specific function or to consider opportunities in other functions based on skills, interests and organizasional need. ???