

# The pandg sk-ii globalization project essay sample



One of the most global corporations in the world is Procter and Gamble. P&G products have been entering overseas countries since the 1930s. By the mid 1990s, P&G products and brands are available in over 75 countries, up from 27 countries a decade before. The strong overseas push is indeed one major growth catalyst for P&G. The overseas push is centered around creating products for each local market while having an organizational structure which reflects the US structure.

In Japan, P&G implemented in-country product research and development to cope with local competition. One such product was SK-II, a premium facial care product line. SK-II was successful in generating significant profits not only in Japan but also in the export markets of Hong Kong and Taiwan. This was especially important due to the level of competition in the Japan market and the highly selective Japanese beauty product market.

In planning to expand the SK-II brand internationally, DeCesare should consider many factors. First is the market of the market for premium beauty products globally, the size and whether SK-II can compete against established brands. He should also analyze the performance of SK-II in the markets it had already entered – Hong Kong and Taiwan. Also, he would have to study whether the rigorous beauty regimen implemented by SK-II is compatible with the behavior of beauty product consumers in other global markets.

The ability of SK-II to become a global brand will depend on how it fits with the Procter and Gamble portfolio. It will also depend on how P&G will market SK-II in foreign markets. As a premium brand from Japan, SK-II will have to

compete with established P&G brands like Olay as well as premium offerings from the competition such as Estee Lauder. The personalization aspect of SK-II stores is also an innovation which P&G can export out of Japan. Should P&G be successful in marketing SK-II as a premium brand, then SK-II will find its place as a global brand within P&G's wide brand portfolio.

If I were in the position of choice, I would recommend the Chinese market for expansion. The rising standard of living in China as well as their booming economy will translate to a steadily rising market for beauty products. It is also most likely that the beauty care standards and practices of China is similar to Japan – the same could not be easily said for continental Europe. The introduction of SK-II would also serve to complement the expansion of Olay. Lastly, since China is such a newly opened market, foreign premium brands like Estee Lauder may not be well established. The risks involve possible competition between two P&G brands, however this can be mitigated by moving Olay downmarket and positioning SK-II firmly in the premium segment.

As previously mentioned, P&G should move to segment the Chinese beauty care market. To aid this, SK-II should be introduced and marketed aggressively from launch. Its advertising channels should also be very selective and target only the higher segments of Chinese society in order to reinforce the premium position of SK-II. However, the O-2005 organization places strain in the premium segment with its emphasis on moving volume and not just profits. Even with the high margins of SK-II, its premium position will tend to yield low volume orders. Thus SK-II could be met with resistance from country managers who will be pressured to produce volume. Such

resistance can be mitigated by proper communications or by simply having the regional office oversee the deployment of SK-II instead of the local country managers.