

# THE TIMES OF INDIA

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**P&G HAS LINED UP \$1 BILLION INVESTMENT PLAN FOR INDIA, SAYS GLOBAL CEO McDONALD 25**

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## P&G CEO Says Country Offers Diversity Along Entire Pyramid

# 'If you do India well, you can cover entire world'

Namrata Singh & Shubham Mukherjee | TNN

**Mumbai:** The \$84-billion consumer products giant Procter & Gamble Company (P&G) has chalked out an over \$1-billion investment plan for India, which will play out over the next five years, as part of a strategy to look at developing markets more closely.

The move, which would be music to the ears of the government, comes at a time when many companies have complained of problems in doing business in India either due to policy paralysis, delay in clearances or an overzealous tax machinery.

The Cincinnati-based company, which makes products such as Gillette, Tide detergents, Pantene shampoos, Bounty paper towel and Downy fabric softener, is keen on accelerating its presence in India where it currently has 14 categories. The objective is to bring in newer categories into India and greenfield plants which, along with innovation, can enhance India's share of the developing market pie.

In an exclusive interview with TOI, P&G's global president & CEO and chairman of the board, Robert 'Bob' McDonald said, "We have introduced seven new categories over the last few years. That was on top of seven we already had. But we have more categories to introduce since we have 37 categories globally. We expect to roll them out soon. Keep watching."

The confidence in the market stems from the fact that the Indian business has been growing at over 20% every year for over a decade now. "We entered the Indian

## THUMBS UP FOR INDIA



Kaushik Muk

**ON INDIA PLANS** | We have introduced 7 new categories over the last few years on top of 7 we already had. But we have more categories since we have 37 globally. I want to have a vertical portfolio of product to meet the needs of every category... Keep watching

**ON INDIA SALES** | We entered the Indian market in 1989. The fact that over 700m Indians use one of our products is terrific. We got to 6 million stores but we have more to do and we are working on it

**ON ROAD AHEAD** | P&G people don't give others a chance to put pressure on them. They put pressure on themselves. We hate to lose

**Robert McDonald** | CEO & CHAIRMAN, PROCTER & GAMBLE

market in 1989. The fact that over 700 million Indians use one of our products is terrific. We got to six million stores but we have more to do and we are working on it," he said. Part of the investments would go into expanding manufacturing facilities in Hyderabad and Mandideep.

McDonald, who is in Mumbai as part of an emerging market tour, will be visiting consumer homes in parts of the city on Thursday to "get some key insights".

For a global CEO who only recently got over a critical challenge from a section of investors questioning his leadership after P&G lowered guidance a few times last year, McDonald appeared composed and exuded a demeanour fit for an ex-military man as he spoke about the road ahead.

"P&G people don't give others a chance to put pressure on them. They put pressure on themselves. We hate to lose," he said.

It's been a tough time for the company and although he does not like the challenge he faced last year as a leader to perhaps a war-time

general, the analogy would certainly hold true from an outsider's perspective.

That's because ever since the slowdown, the company has been in 'a constant state of war', in a manner of speaking, with its rivals and discounted products in the marketplace as well as in its efforts to push topline and garner shares.

P&G is represented by three legal entities in India — Procter & Gamble Hygiene and Health Care and Gillette India are listed companies, while P&G Home Products is a wholly-owned subsidiary. The combined turnover of the India business is over \$1 billion, with brands such as Pantene, Ariel, Whisper, Vicks, Olay and Tide.

India currently contributes under 5% of the developing market pie for P&G, and under 1% to the global turnover. McDonald said the emerging market pie, which currently contributes 38% of its global revenues, would expand to half of its sales by 2025. "That gives us scale in these markets," said McDonald.

Since India features among the top 10 emerging markets in P&G's 40:20:10 global plan, the country is expected to see a slew of new category launches from P&G. It's billion-dollar brand Crest could be an option to add to the current marketing skirmish in an under-penetrated market like India.

Another strategy that P&G is going to play out quite seriously is straddling the pyramid in every category so as to cater to the top and bottom-end of the pyramid.

This is quite similar to the strategy Unilever follows in India.

On P&G's emphasis on India, McDonald said: "If you do India well, you can pretty much cover the entire world because you have so much diversity from top of the economic pyramid to the bottom. I want to have a vertical portfolio of product to meet the needs of every category."

When asked if this was a way to beat the premium tag attached to P&G, McDonald, he described it as work in progress.