



Market

Procter & Gamble (P&G) markets over 300 branded products in more than 160 countries. It has operations in over 80 countries through its Market Development Organisation (MDO). The MDO includes dedicated retail customer, trade channel and country specific teams that work to build P&G brands in local markets.

P&G competes in multiple product categories that are clustered under three Global Business Units: P&G Beauty, P&G Family Health and P&G Household Care. The positions of these three groups in terms of total P&G net sales in 2005 stood as follows: P&G Beauty - 34%, P&G Family Health - 34% and P&G Household Care - 32% (Source: Procter & Gamble Annual Report, 2005).

The categories under P&G Beauty comprise Retail and Professional Hair Care, Skin Care, Feminine Care, Cosmetics, Fine Fragrances and Personal Cleansing. Out of the total beauty market of approximately US\$ 200 billion in global retail sales, P&G has an overall share of about 10% (Source: Procter & Gamble Annual Report, 2005).

With regard to P&G Family Health, the markets P&G competes within include products for Oral Care, Pharmaceuticals, Personal Health and Pet Health and Nutrition, while in P&G Household Care, the company generally enjoys a number one or number two position on the market, with particular strength in North America and Europe.

P&G started operating in Romania in 1992, opening its first office in the country with three employees. Bucharest quickly became the coordination centre for all marketing activities taking place in seven countries in the region. Today, with over 200 employees and a turnover of over US\$ 280 million, the P&G Marketing Romania subsidiary is completely integrated into the company's worldwide network.

Achievements

Procter & Gamble is a recognised leader in the development, manufacture and marketing of superior products for Fabric & Home Care, Baby Care, Feminine Care, Tissues & Towels, Beauty Care, Health Care, as well as Food & Beverages. Its premium brands include Tide, Crest, Pantene, Tampax, Pringles, Pampers, Olay, Folgers, Jif, Cover Girl, Downy, Dawn, Bounty and Charmin.

In Romania, P&G acquired a detergents plant in Timișoara in 1995. Prior to its official opening in 1997, this plant went through an extensive reconstruction and modernisation process. Today, the Timișoara plant produces detergents (Tide, Ariel, Bonux) and bleach products (Ace), products that fulfil the requirements of over 50 million consumers all over the region. Approximately 50% of the total production is exported to other countries in the region.

Touching lives, improving life. P&G™



In 2004, a new P&G office was opened in Bucharest. In recognition of Procter & Gamble Marketing Romania's contribution to the development of Romania and to the maturity of the business climate, the event was celebrated in the presence of the President of Romania and of the P&G CEO, Mr. A.G. Lafley.

The recent period was one of continuous expansion for Procter & Gamble Marketing Romania that successfully integrated the Wella and Londa businesses, in 2004, thus strengthening the P&G position in the beauty care category. Continuing this trend, Gillette Romania merged with Procter & Gamble Marketing Romania in 2006, hence diversifying P&G's portfolio in new and challenging directions.

History

William Procter, a candle maker and James Gamble, a soap maker, both Irish immigrants, might never have met, had they not married sisters, Olivia and Elizabeth Norris, whose father convinced his new sons-in-law to become business partners. In 1837, as a result of his suggestions, a bold new enterprise was born: Procter & Gamble.

22 years after the partnership was formed, P&G sales reached US\$ 1 million. The Company then employed 80 people.

During the Civil War, Procter & Gamble was awarded several contracts to supply soap and candles to the Union armies. These orders kept the factory busy day and night, building the Company's reputation as soldiers returned home with their P&G products.

In 1882, P&G allocated US\$ 11,000 to advertise Ivory soap nationally, for the first time. Ivory's purity and floating capability were first advertised across the country in the Independent, a weekly newspaper. Fifty-seven years later, P&G aired its first TV commercial for the same product: Ivory soap.

A market research department was created in 1924. One of the first in history, the purpose of the P&G research department was to study consumer preferences and buying habits.

P&G celebrated its 150th anniversary in 1987, being the second oldest company among the 57 largest Fortune 500 companies.

P&G opened its first operation in Eastern Europe with the acquisition of Rakona in Czechoslovakia in 1991. New businesses in Eastern European countries - Hungary, Poland, and Russia - were established during the same year.

Also in 1991, P&G introduced a new logo and typeface to offer a more contemporary and consistent global look. By 1993, P&G sales exceeded US\$ 30 billion. For the first time in the



Company's history, more than 50% of sales came from outside US.

By the time of its 165th anniversary, P&G boasted US\$ 12 billion worth of brands in its portfolio. These brands represented more than half of the Company's sales and earnings and include Pampers, Tide, Ariel, Always, Pantene, Charmin, Bounty, Iams, Crest, Folgers, Pringles, and Downy.

Two major events took place in recent years. In 2003, P&G acquired a controlling interest in Wella AG, a leading hair care company, and in 2005, P&G and Gillette merged into one company, thus adding five more Billion Dollar Brands to the P&G product portfolio, including Gillette and Braun's shaving and grooming products, the Oral-B dental care line and Duracell batteries.

Product

Within the P&G Beauty category, the fastest growing business unit of P&G, the company is the global market leader in two categories: it holds 24% of the Hair Care market and 36% of the Feminine Care market. Billion-dollar brands in P&G beauty include Pantene, Wella, Olay, Always and Head & Shoulders (Source: Procter & Gamble Annual Report, 2005).

In Oral Care, under the category Family Health, Crest, Iams and Actonel each have annual sales of over US\$ 1 billion. Baby Care is another P&G core business, with a global share of approximately 37% of the market, the driving force in this category being Pampers, which sees annual sales of more than US\$ 6 billion. Family Care is predominantly a North American business, where Bounty and Charmin have 43%, and 27% of the market share respectively, each with annual sales of over US\$ 1 billion. Other billion-dollar brands are Tide, Ariel, Downy and Dawn, part of the Fabric Care and Home Care business, and Pringles and Folgers, in the Snacks and Coffee category (Source: Procter & Gamble Annual Report, 2005).

The Procter & Gamble's brands present on the market in Romania are extremely diverse, ranging from home care (detergents, bleaches, softeners, household products, dish-washing products such as Ariel, Tide, Bonux, Mr. Proper; Ace, Lenor, Fairy), beauty care brands (shampoos, conditioners and soaps such as Pantene, Head&Shoulders, Wash&Go, Camay, Wella, Londa), baby care products (Pampers), oral hygiene products (such as Blend-a-med, Oral-B), feminine hygiene products (like Always, Discreet, Tampax), household appliances (Braun) and batteries (Duracell).

Recent Developments

Innovative new products have been an absolutely critical component of P&G growth and P&G specialists have been responsible for several historic "firsts" that revolutionised their product categories and spawned many imitators. These include Tide®, the first heavy-duty synthetic detergent; Crest®, the breakthrough cavity-prevention toothpaste;

Pampers®, the disposable diaper that revolutionised caring for babies; Pert Plus, the first 2-in-1 product for cleaning and conditioning hair in one step; and Crisco®, the first all-vegetable shortening.

Other recent breakthroughs which originated in P&G laboratories include: Dryel®, the novel way to care for dry-clean-only clothes in the home; Actonel®, the first osteoporosis treatment to consistently demonstrate a reduction in the incidence of spinal fractures after just one year of treatment; Physique®, a hair care line utilising unique polymers and cleaning/conditioning systems to deliver breakthrough cleaning and styling results; Impress®, a totally new form of food wrap that provides superior sealing yet no pre-seal wrap cling; Febreze®, a spray that utilises advances in chemistry to actually capture odour-causing materials, and is safe to use on all surfaces; Iams® Hairball Care™, which introduces new fibre technology into cat diets to prevent hairball formation; and a host of others too numerous to mention.

Promotion

The P&G brand has been built on continual and motivational communication. At the core of the brand's awareness lays P&G's social responsibility programs and its philanthropic activities.

Hence, the P&G social programme - Live, Learn and Thrive - is focused on the development of children in need aged between zero and thirteen. This platform comes to life through local programs in P&G communities around the world.



Across-the-board programs like Children's Safe Drinking Water, or local ones like The P&G Civic Education Program entitled "Learn to make a difference!", developed in Romania, brought public recognition for P&G's efforts and enhanced brand awareness.

P&G's Safe Drinking Water Program received a World Business Award from the United Nations Development Program & International Chamber of Commerce in 2004. Most recently, the impact of the P&G Civic Education Program in Romania and its benefits for the community have been acknowledged by the Pan-European SABRE Awards 2006, Achievement in Branding and Reputation in Berlin, 2006, where "Learn to make a difference!" won in the Best East European Program category, and won a certificate of excellence in the category of Best PR Program for Community Relations in the EMEA Region.

Other not-for-profit social marketing programs in the region include the P&G 2000 Program in Romania; contributions, mainly in products, to several charitable organisations and orphanages across the Balkans; and donations of P&G products, as well as contributions from P&G employees, for the communities affected by the floods in Romania.



European SABRE Awards 2006 Best PR Programme in Eastern Europe: "Learn to Make the Difference!"



"Learn to make the difference!" - Cotroceni Palace, 2005

Brand Values

P&G's purpose is to provide branded products and services of superior quality and value that improve the lives of the world's consumers. As a result, consumers will reward P&G with leadership sales, profit and value creation, allowing employees, shareholders and the communities in which P&G lives and works, to prosper.

Three billion times a day, P&G brands touch the lives of people around the world. The corporate tradition is rooted in the principles of personal integrity, respect for the individual and doing what is right for the long-term.

Since the beginning, P&G has continued to lead the way and reinvent the way business is done. This has been the approach taken to each challenge and opportunity since 1837, and the way P&G continues its success, looking towards the future.

www.pgbalkans.com/ro/

THINGS YOU DIDN'T KNOW ABOUT

P&G

- In the 1970s, P&G was one of the first companies to put its safety testing data into a computer database, helping to avoid duplicative testing
- In 1994, the US Department of Labor presented P&G the Opportunity 2000 Award, which is given annually to a company committed to instituting equal employment opportunities and creating a diverse work force
- P&G has built and renovated schools: 300+ in Mexico, 100+ in China, 50 in Egypt, 23 in Pakistan, as well as in numerous other countries
- The company gave lessons in personal hygiene to 80 million children in China
- P&G helped provide guide dogs for disabled youths in Canada
- P&G gave more than US\$100 million for philanthropic projects in each of the last two years