Procter & Gamble

Name

Institution
Procter & Gamble

The Procter & Gamble Company, commonly referred to as P&G, was established on 5th, May, 1995. Its primary objective all along has been to offer consumer packaged goods, which are of high standards and in line with the specific demands of the market. The company has a very wide market base across the world and distributes its products in over 180 countries worldwide. It achieves this through effective mass merchandisers, membership club stores, high frequency stores, drug stores, and grocery stores. In the year 2012, P&G organized its operations into two Global Business Units, GBUs, which are the Beauty and Grooming operations and the Household Care operations. These GBUs are comprised of diverse segments, among them beauty, grooming, fabric care, home care, health care, baby care, and family care.

The company has a well-established strategy that has enabled it to maintain its competency in the market for such a long period. It offers a wide range of quality products, which have enabled it to build a good reputation among its customers, society, and all the relevant stakeholders. One of the strongest pillars of the massive success of the company is its great value on markets. It has a total of $191.47 billion among its customers, who are spread in more than 180 countries. This market base is very wide and is not likely to decrease. This ensures a stable market for its products, which subsequently leads to higher profitability of the company. It is common knowledge that the availability of a market for any products produced by the company determines its long-term success. It helps to curb excessive accumulation of surplus for the products, which gives room for more production.

The company as well has an added advantage over its competitors due to the fact that it offers a broad portfolio of brands. It provides a variety of products to the market, among them are Crest, Olay, Old Spice, Down, Pampers, and Puffs. Every single brand has its own market base and generates multiple billions of dollars to the company. They as well help the
company to gain popularity in the market since various people would identify the same company with different products. This fact works for the general good of the company and guarantees success and competency of the firm. The company also produces a number of products that are non-reusable. Such products as diapers, toothpaste, and sanitary pads among others are often purchased by customers regardless of their economic status. This helps facilitate good business of the company since the more their products are sold, the more profits they earn.

Moreover, the company enjoys a competitive advantage over their rivals as it pays out quarterly dividends of $0.56, which gives an annual dividend of 3.22%. It also has a long and proven track record of consistently paying out and raising dividends over the years. This has helped in developing trust among investors, and this turns out to be advantageous to the company. It also has a stable and predictable sales growth. Moreover, it is projected to be in the mid-to-high single-digit range for upcoming years. This fact has contributed majorly to attracting more customers to be willing to pay a little more amount for the brand name.

On the other hand, the Procter & Gamble Company has a number of weaknesses that drag its long-term success in the market. One of the major challenges that the company experiences is the fact that many of the products produced by the company are readily available in the markets. Some products such as pampers, toothpaste, and several others which are produced by P&G are available in almost all countries of the world. This increases the competition for markets. It follows unconditionally that the increased competition in the market would result in decreased sales and consequently low profits. Because of that, the company has a limited room for growth and has to rely majorly on the population growth for more customers.

The company also faces multiple economic challenges. It conducts its operations in various countries which have diverse economic stabilities. International businesses are
subject to exchange rates in different countries. This makes it difficult for the Procter & Gamble Company to run effective businesses in countries with unstable economies, which eventually results in high exchange rates in the international markets. Moreover, different countries have different tax rates to international businesses. This poses a challenge to P&G as countries with higher tax rates are likely to produce less profits, as opposed to those with lower tax rates.

Another weakness that the company experiences is that it has a minimal stock volatility with a beta ratio of only 0.44. In as much as this could be a strength to the company’s long-term investors, it ends up being a weakness of the company as it scares off many short-term investors who may be interested in doing business with the company. It as well lacks substantial benefits from the pickups in the economy. This is due to the necessity label that is given to the majority of the products produced by the P&G Company.

In conclusion, the Procter & Gamble Company is well-known in many countries across the world. It offers vital products that are required by many people in the world. This has played a big role in increasing its market base in different countries. However, like any other business, P&G has numerous weaknesses/challenges that limit its overall success in the market. It faces stiff completion from a number of companies offering similar products to the markets in different countries. It is very important that the company should focus on its strengths and work harder towards improving the areas of its weaknesses. This would enable them to reach their set business goals.
References