A close-up photograph of a baby lying on its back on a white, wrinkled fabric surface. The baby is looking directly at the camera with a curious expression, its mouth slightly open. It has light skin and blue eyes. Its hands are raised, holding its feet. The background is a soft, out-of-focus white.

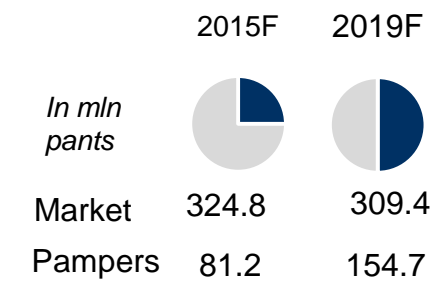
Launch strategy of Pampers Premium Care Pants

By “Play_the_Game”
Chernytska ★ Malinovska ★ Pokhvalityi ★ Pruzhyna

Launching Premium Care Pants during crises gives Pampers opportunity to get 50% market share to 2019

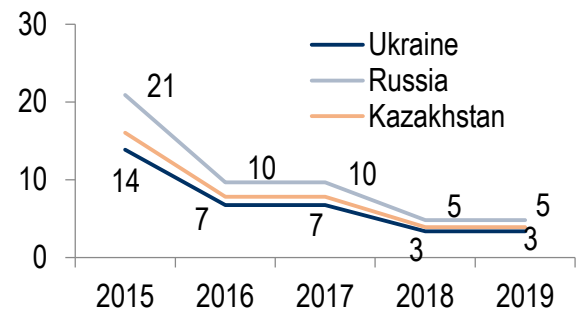
Market

Launching product during crises gives Pampers opportunity to gain 25% market increase to 50% in 2019



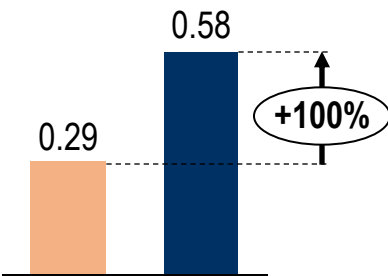
Marketing

Marketing campaign will last for 5 years. Total marketing expenses are 123.5 mln \$



Sales

The optimal price s is 0.58 \$ per diaper and it is 2 times higher than average price in medium segment



Logistics

Supplying product from Poland by trucks is less costly and takes less time



Costs

Russia 16.45 \$ per 1 SKU
 Ukraine 61.95 \$ per 1 SKU

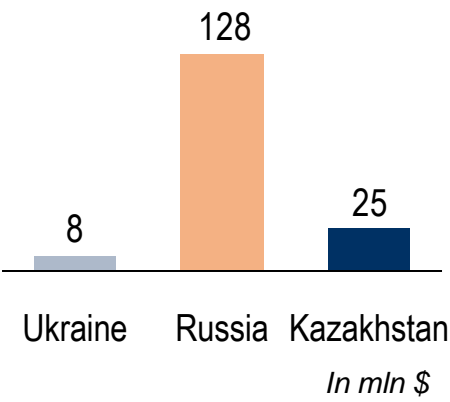


Lead time

Russia 6.6 days (no delays)
 Ukraine 4.9 days (no delays)

Finance

Total NPV of the project is 154.64 million \$



Information

Launching a new product one can face different risks, there are ways to reduce them

- Decrease in purchasing power
- Price war
- Political risks
- Spoil of product image
- Lose of suppliers and retailers

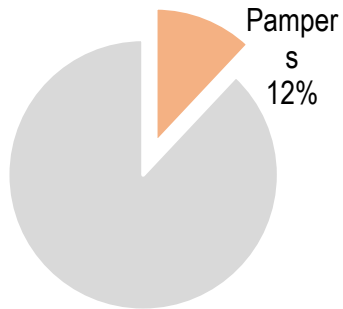
HR

To increase workers' productivity company should:

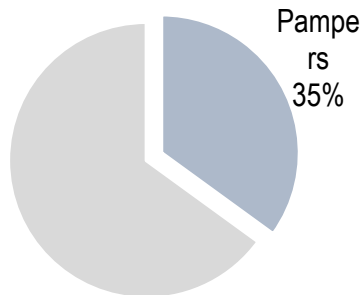
- Evaluate top managers' abilities through enhanced tests
- Hire less, pay more for the expertise
- Conduct team-building and leadership workshops

Pampers is world leader in disposable diapers market. As a brand it has strong distribution network and good advertising, but sensitive product image

Pampers account for 12 percent of total sales, making it P&G's largest brand



Pampers is a world leader in disposable diapers market (by sales) with about 35% market share



Strengths

- High market share
- High brand recognition
- Presence in the international market
- Aggressive advertising by P&G
- Strong distribution network of P&G

Weaknesses

- High price
- High production costs
- Sensitive product image

Opportunities

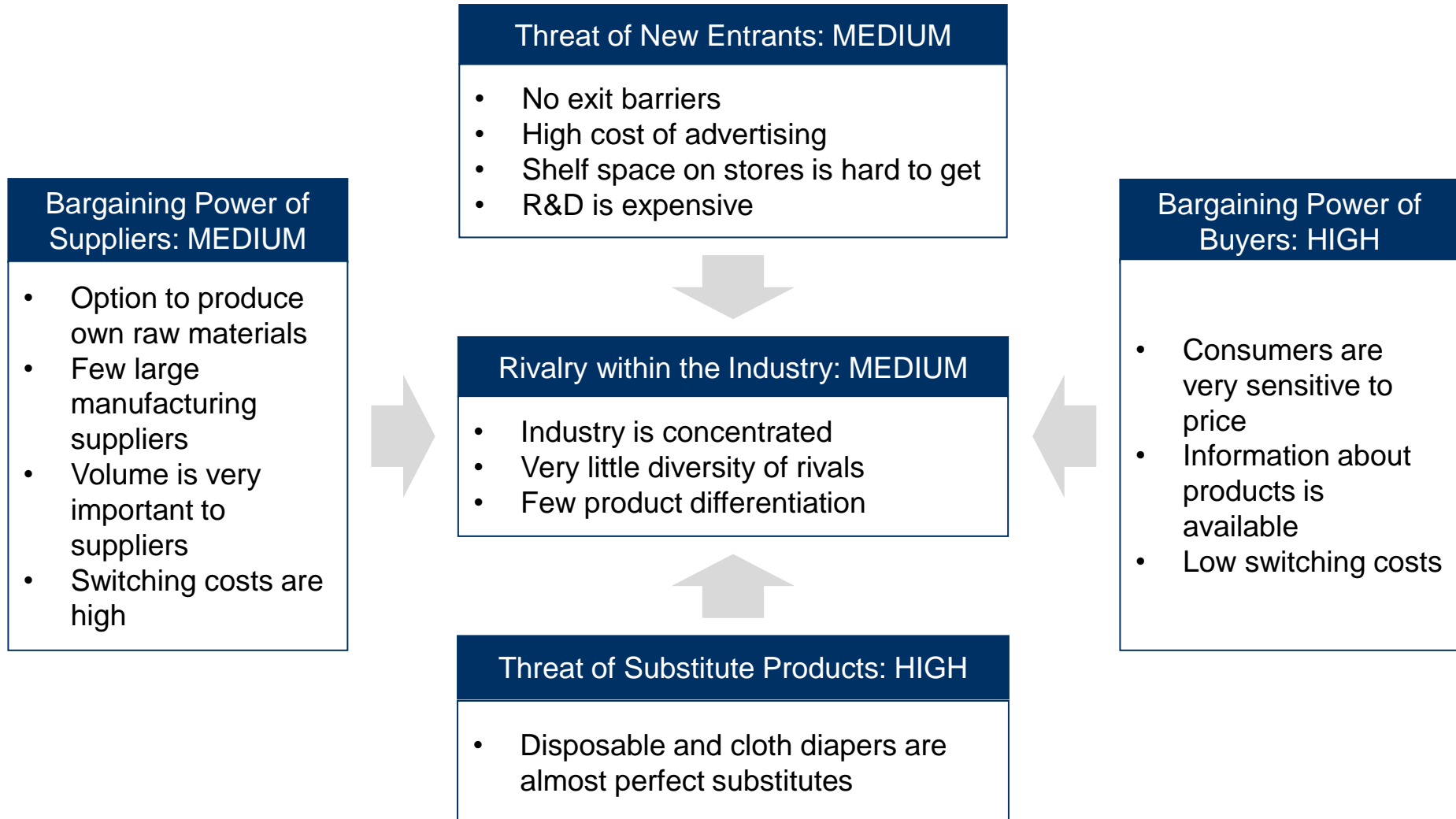
- Growing number of internet users
- Emerging markets
- Regular innovations

Threats

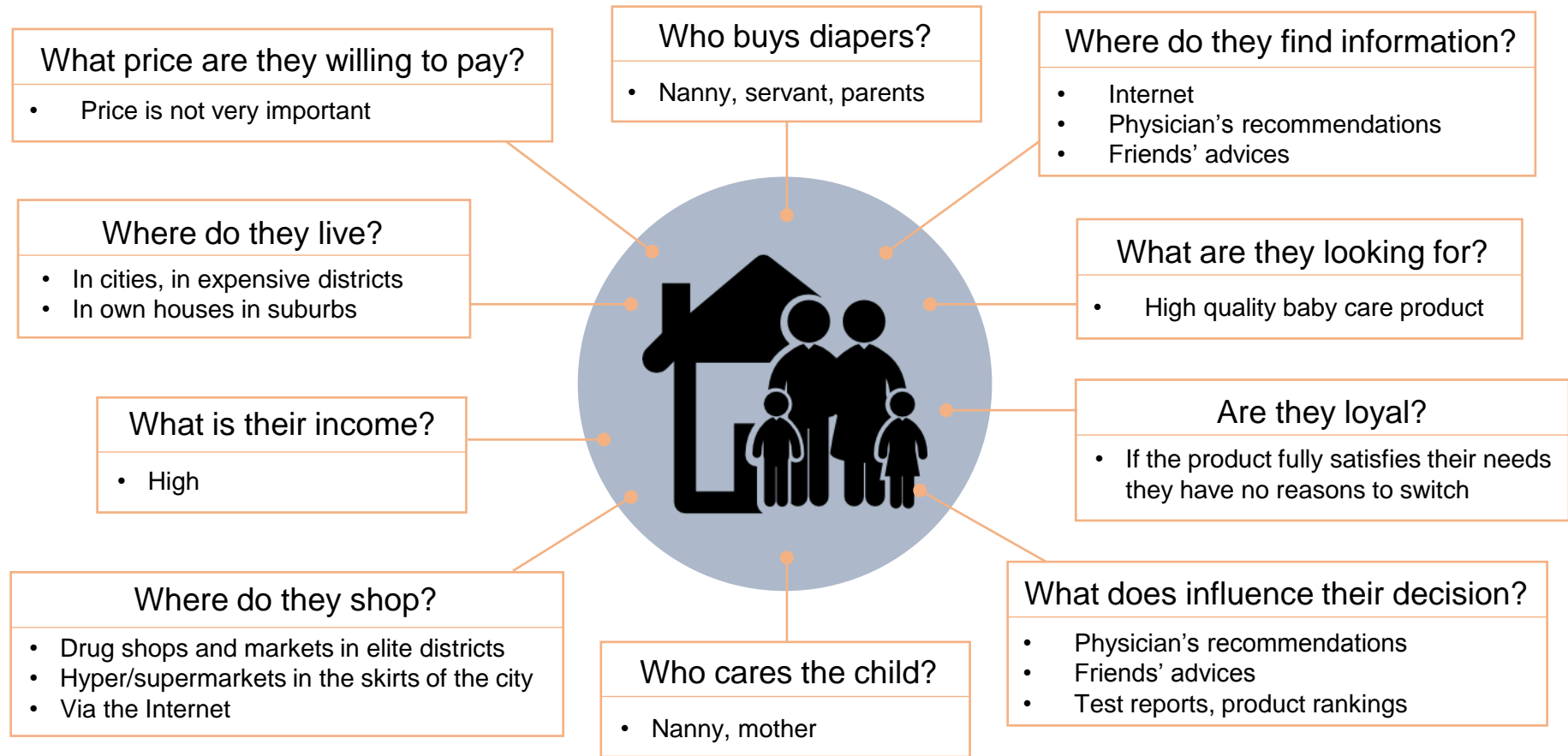
- Price wars with competitors
- Easy substitutes
- Crisis
- Environmental prospects
- Decline in birth rates

1. Pampers is the largest P&G's brand
2. Pampers is leader in disposable diapers market (35% market share)
3. It is present in the international market, has strong distribution network and good advertising
4. It has high price, high productive costs and sensitive product image

Pampers Premium Care Pants have price sensitive consumers, almost perfect substitutes and few product differentiation. Threat of new entrants is medium



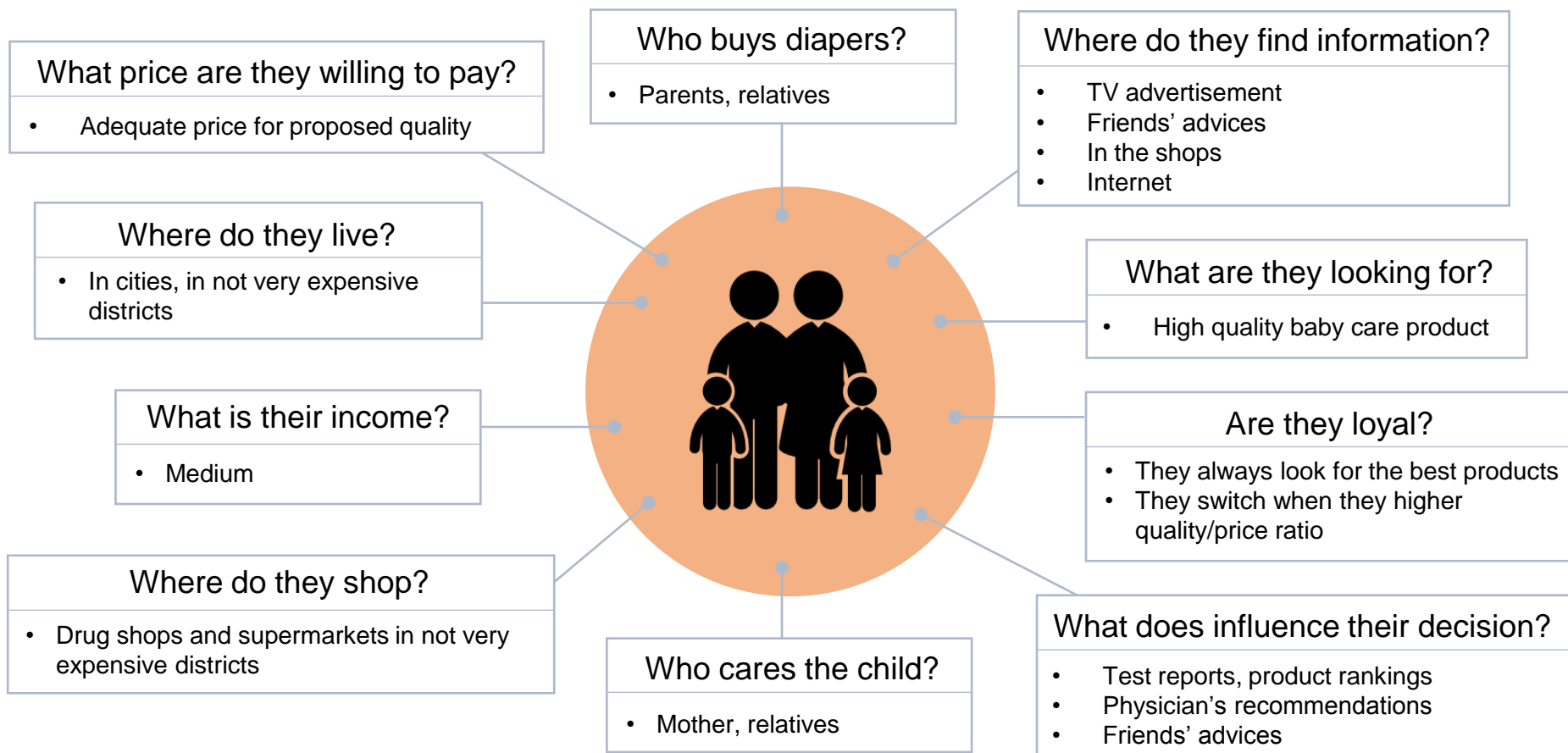
The main consumers of Pampers Premium Care Pants are Segment 1 consumers. They are wealthy people, not price sensitive, loyal, do the shopping via the Internet



To encourage **Segment 1** consumers the following should be done:

1. Launch advertising campaign in the Internet
2. Establish partnership with physicians
3. Sell the product through a wide network of online stores

Segment 2 consumers are people with medium income who buy high quality baby care products for their infants. They are price sensitive, pay attention to rankings



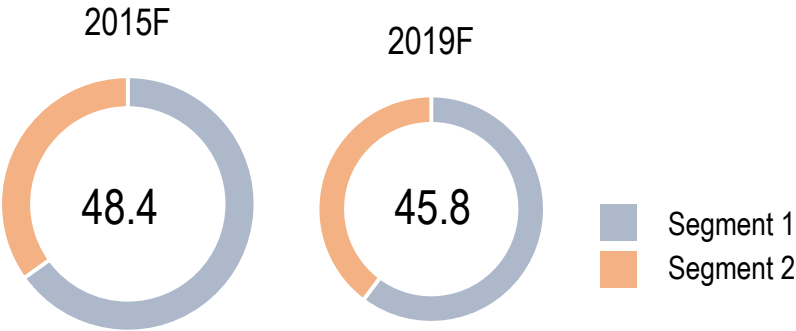
To encourage **Segment 2** consumers the following should be done:

1. Maintain high reputation of a product
2. Establish price to be appropriate to the quality
3. Launch advertising campaign in the shops and TV

Launching Premium Care Pants during crises gives Pampers opportunity to gain 25% market share – 81.2* million pants in 2015 and increase to 50% (154.7) in 2019

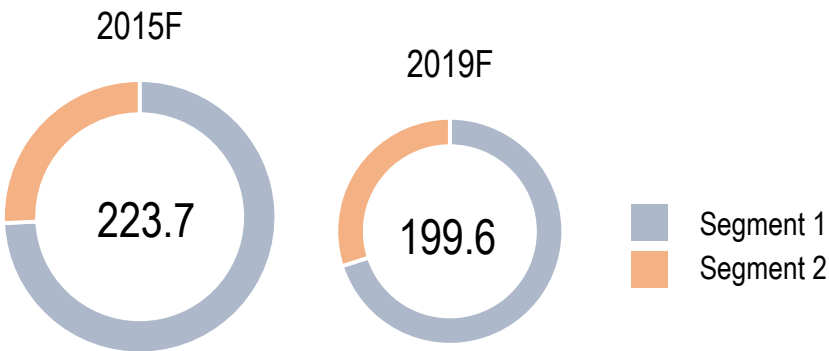
1

Ukrainian market of premium disposable pants equals to 48.4 mln pants in 2015 and is going to shrink by 5.5% during following 5 years. Segment 1 will slightly decrease



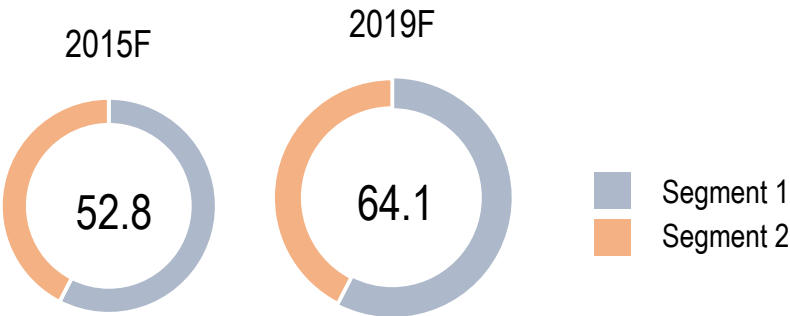
2

Market of premium disposable pants in **Russia** equals to 223.7 mln pants in 2015 and is going to shrink by 10.8% during following 5 years. Segment 1 will slightly decrease



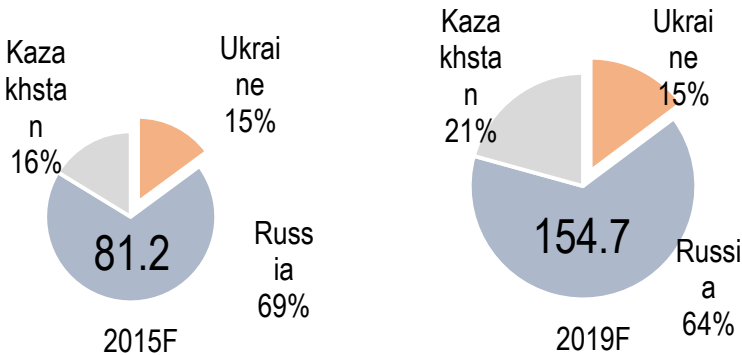
3

Market of premium disposable pants In **Kazakhstan** equals to 52.8 mln pants in 2015 and is going to expand by 21.3% during following 5 years. Shares of segments are constant



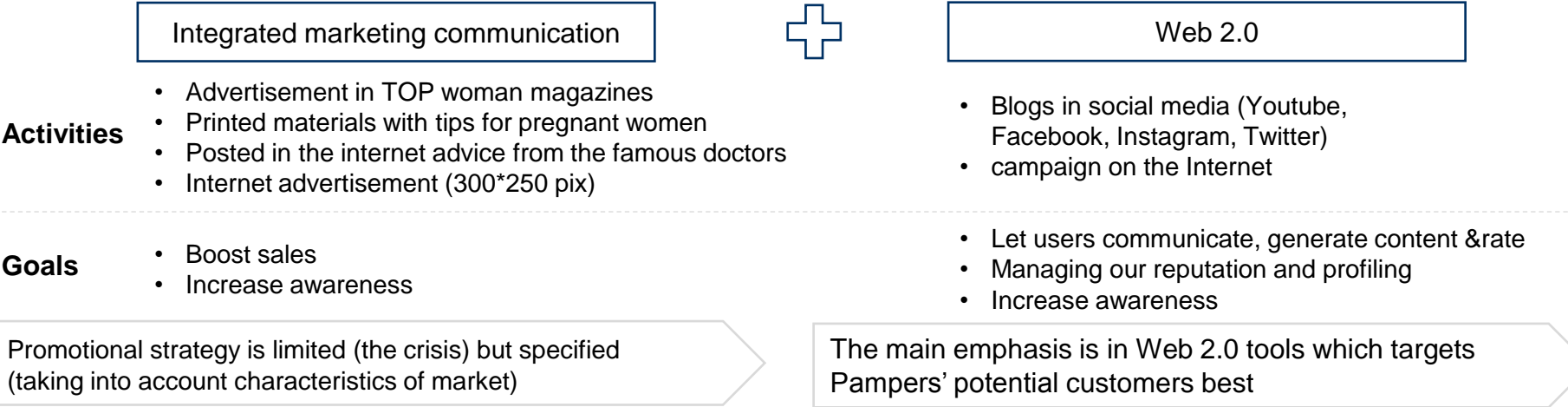
4

Launching Premium Care Pants during crises gives Pampers opportunity to gain 25% market share in 2015 and increase it to 50% in 2019

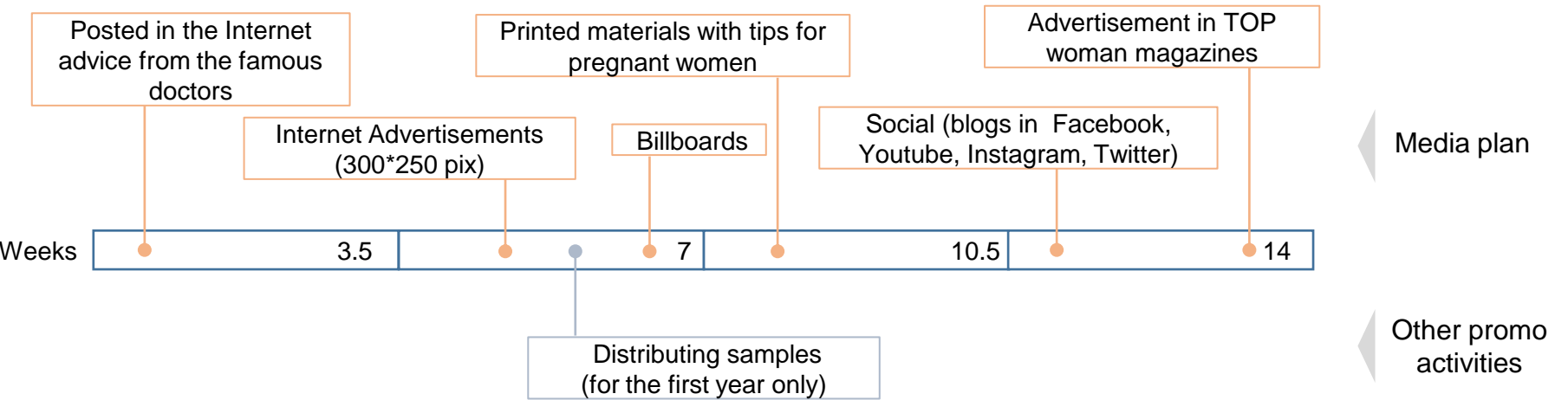


Effective marketing campaign is 360 degree communication, the main purpose is to increase awareness about new product. The campaign will be conducted for 5 years

1 360 degree communication strategy is consist of two parts: Integrated marketing communication and Web. The main goal is to increase awareness

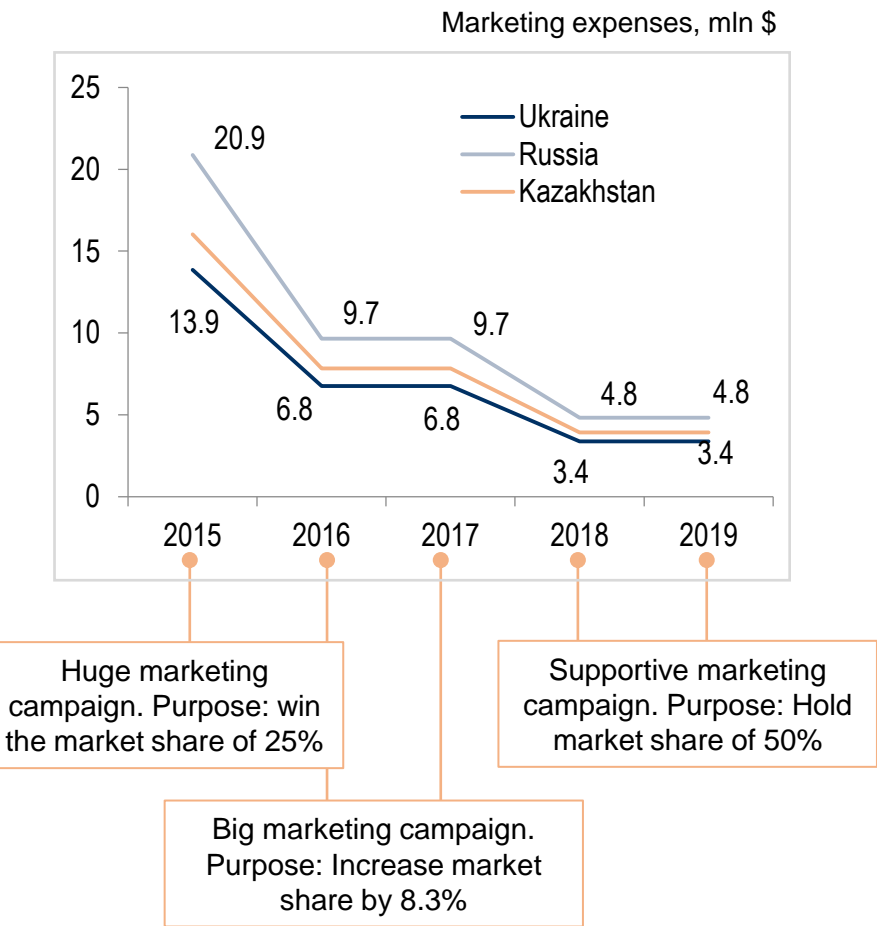


2 Marketing campaign will be divided into the cycles, each of 14 weeks, and conducted during all 5 years

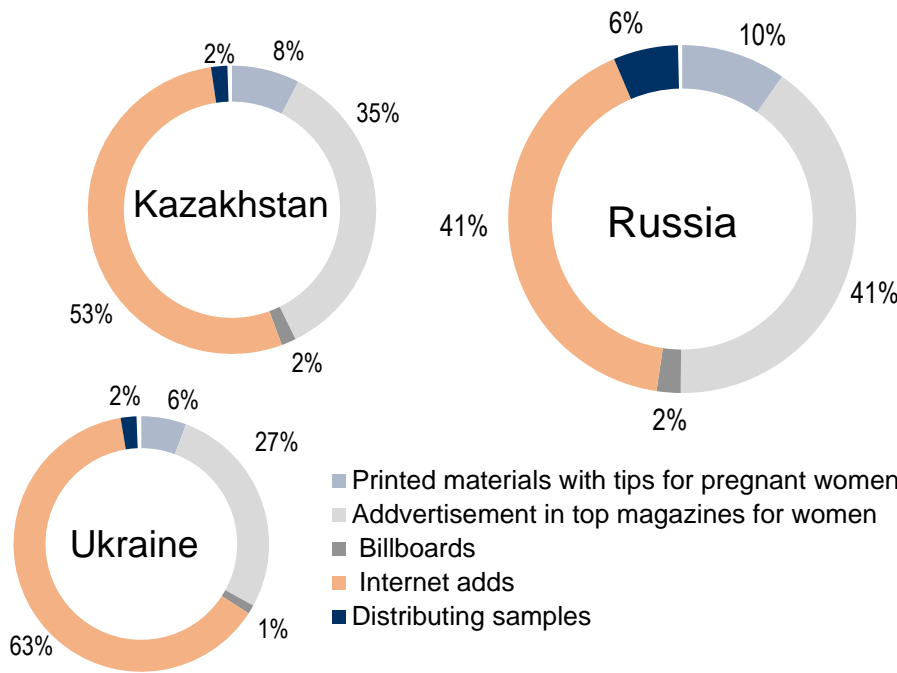


Marketing campaign will cost 123.5 million \$. The purpose is to gain and hold 50% market share. Among total expenses 85% are adds in the Internet and magazines

1 Marketing campaign will last for 5 years. The purpose is to gain and hold the market share of 50%. Total marketing expenses are 123.5 mln \$



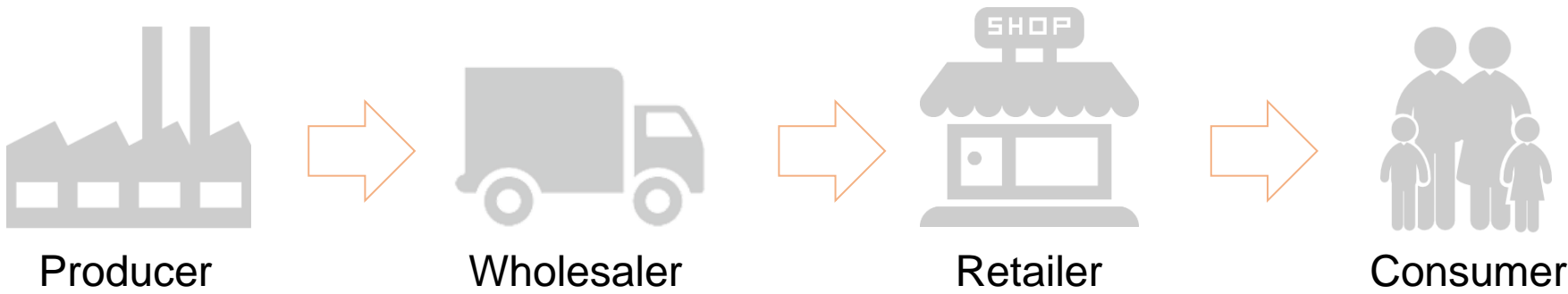
2 The most expensive are advertisements in the Internet and magazines, which are about 85% of the total marketing expenses



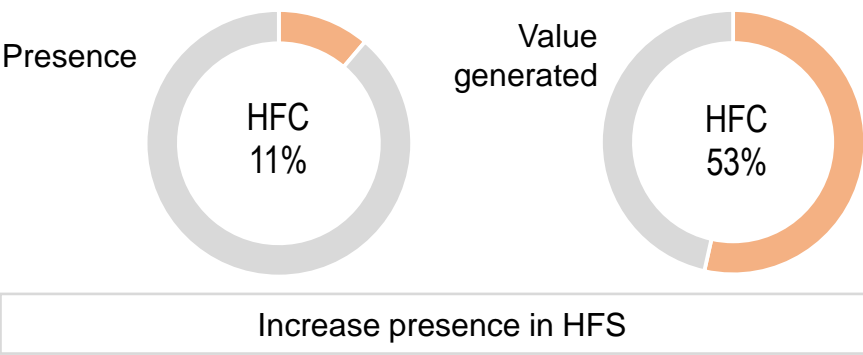
- Identification of key clients through data mining is also of a high priority (1%)
- Sampling is the most costly and the most effective among proposed types of advertisement, so it is used just during first year

Chain “Producer-Wholesaler-Retailer-Consumer” will reach all the target consumers. HFS channel is the most efficient, the presence in HFS should be increased

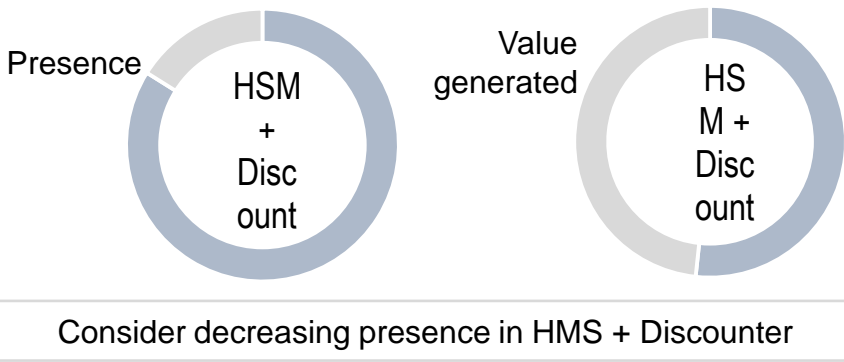
- 1 Chain “**Producer-Wholesaler-Retailer-Consumer**” is the most effective. It will reach all the target consumers from both segments. However, it is expensive



- 2 The most effective channel is **HFS**. It generates 53,7% of total value while being present there only in amount of 11,2% of total value

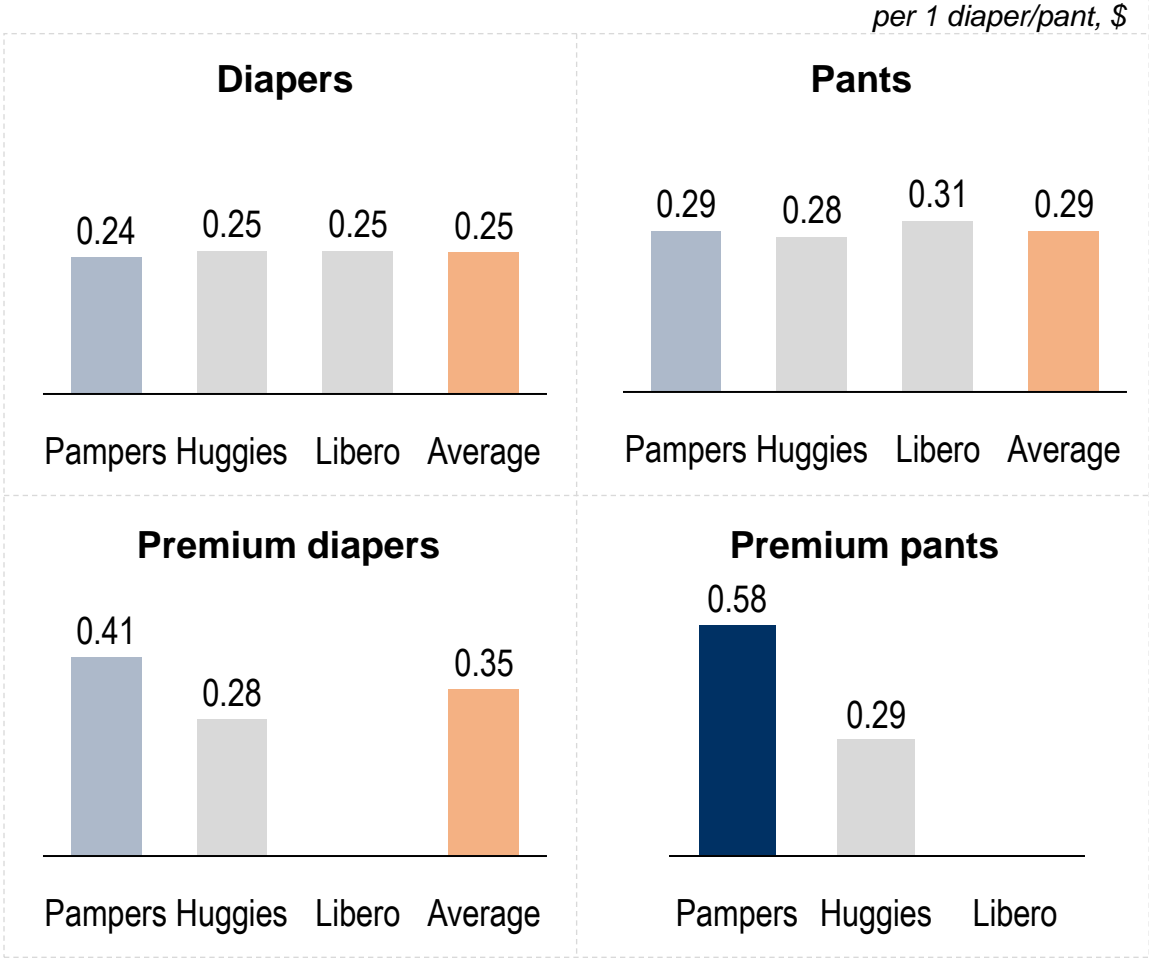


- 3 The most ineffective channel **HSM + Discounter**. The amount of sales in value does not outbeat the extansive share of presence in this channel.

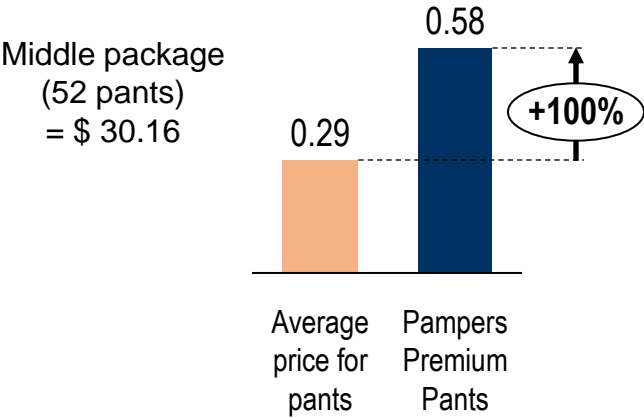


The appropriate price for Pampers Premium Care Pants is 0.58\$ per unit. To provide the correct pricing for all stores, price should be printed on the package

1 The average price for diapers and premium diapers – 0.25* and 0.35 \$ respectively. Average price for pants – 0.29 \$



2 The optimal price for Pampers Premium Care Pants is 0.58\$ as premium products are almost always two times higher in price



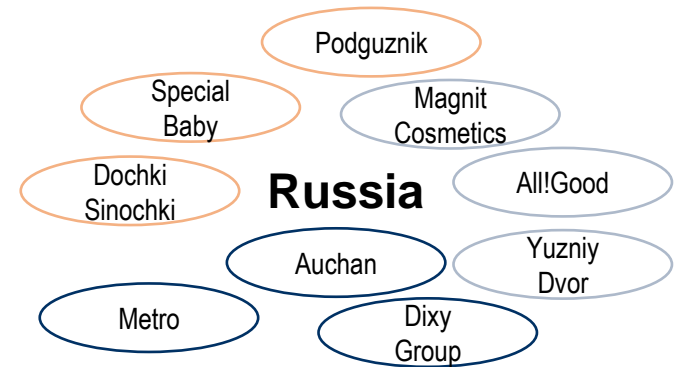
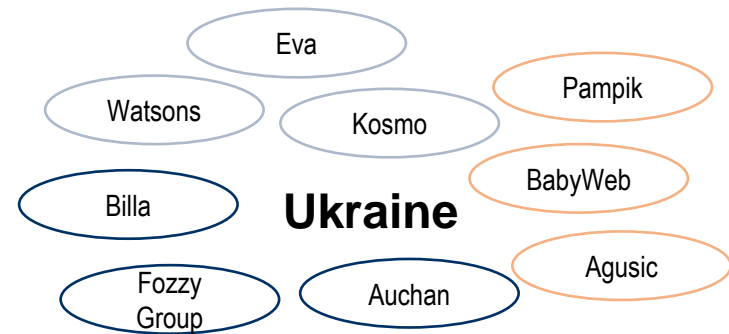
Middle package

- In Ukraine UAH 754
- In Russia RUB 1658
- In Kazakhstan KZT 5579

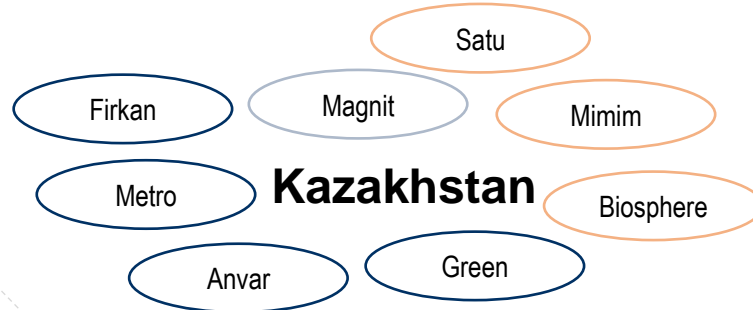
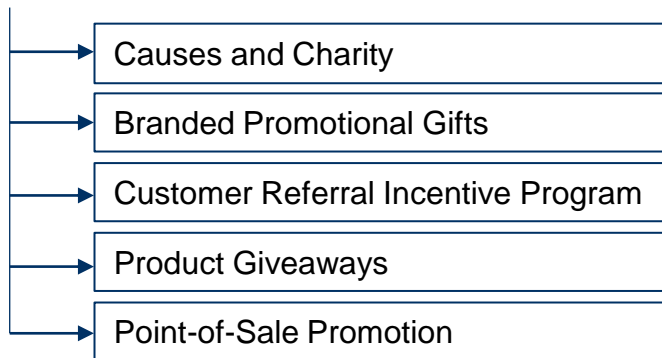
Among of the ways to ensure the correct pricing is reflected in the store is to print price on a package

The main purpose for Pampers is to build a strong distribution network of drogeries, supermarkets and online shops, and perform needed promotion activities

- 1 Pampers should build a strong distribution network for its new product, closely working with supermarkets, online shops and drogeries, using both existing P&G channels and new ones.



- 2 Promotion activities will increase the volume of sales, as well as the consumers' awareness about new product



- 3 Appropriate placement should be chosen personally for each shop to maximize sales

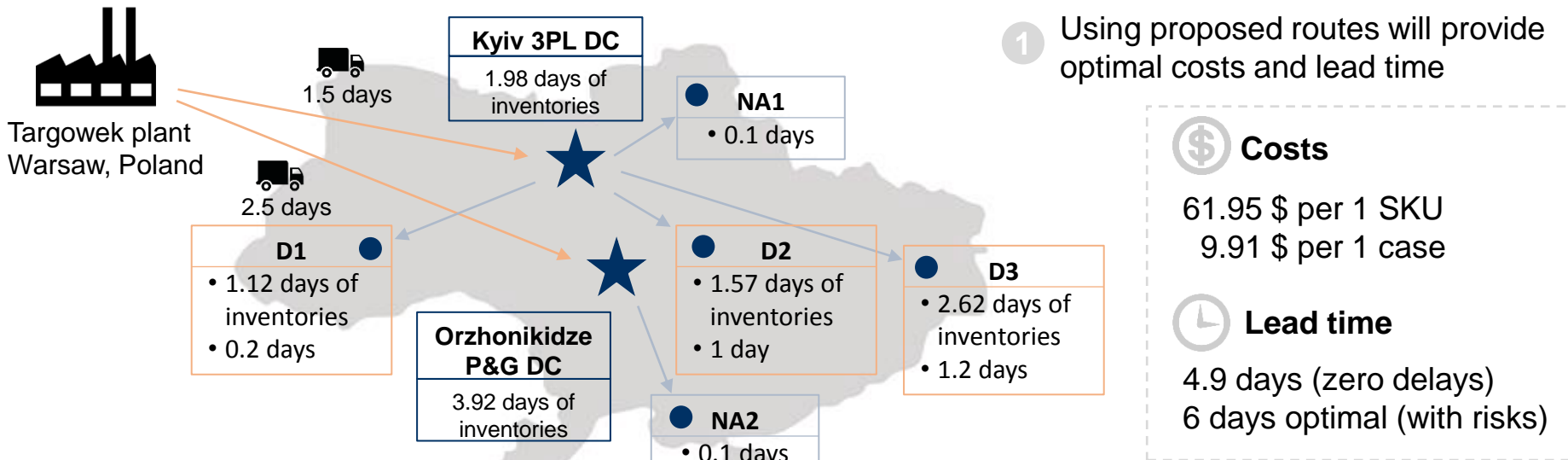
Alternative 1

Shelf higher than eye-level, which would be associated with premiality of the product

Alternative 2

Personal stand for Pampers Premium Care Pants

Optimal supply chain in Ukraine includes delivery from Poland by trucks and using two distribution centers. Minimum costs are 61.95 \$ per SKU, lead time – 4.85 days*



2 Considering **costs side**, supplying product from Poland by trucks is cheaper, both distribution centers are needed to be used

Supplying product from Poland is always less costly and takes less time

No matter what channel is used - trucks or railroads – supplying Kyiv DC is less costly and takes less time, but storage costs are higher in Kyiv than in Ordzhonikidze

Trucks usage brings more costs but cut delivery time and vice versa railroads are less expensive but slower

Delivering products to all distributors and NA1 s is less costly and faster if made from Kyiv DC, but for NA2 – Ordzhonikidze suits better (less costs and time).

3 Considering **revenues side** demand is stable and high

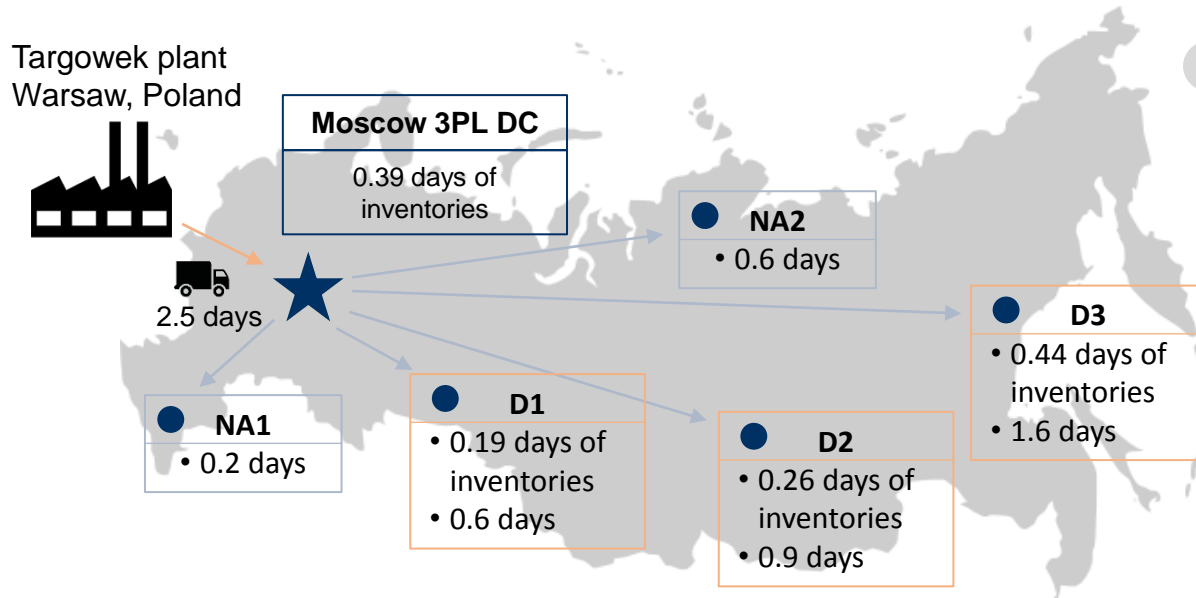
Demand is stable over time

High volume and high frequency of demand

Proximity to vendors

JIT system and controlling for risks (delays, fluctuations in demand)

Optimal supply chain in Russia includes delivery from Poland by trucks and using just Moscow DC. Minimum costs are 16.45 \$ per SKU, lead time – 6.6 days*



1 Using proposed routes will provide optimal costs and lead time



Costs

16.45 \$ per 1 SKU
2.63 \$ per 1 case



Lead time

6.6 days (zero delays)
8.2 days optimal (with risks)

2

Considering **costs side**, supplying product from Poland by trucks is cheaper, just Moscow DC will be used

Supplying product from Poland is always less costly and takes less time

No matter what channel is used - trucks or railroads – supplying Moscow DC is less costly and takes less time, but storage costs are higher in Moscow than in Novomoskovsk

Trucks usage brings more costs but cut delivery time and vice versa railroads are less expensive but slower

Delivering products to all customers are less costly and faster if made from Moscow DC

3

Considering **revenues side** demand is stable and high

Demand is stable over time

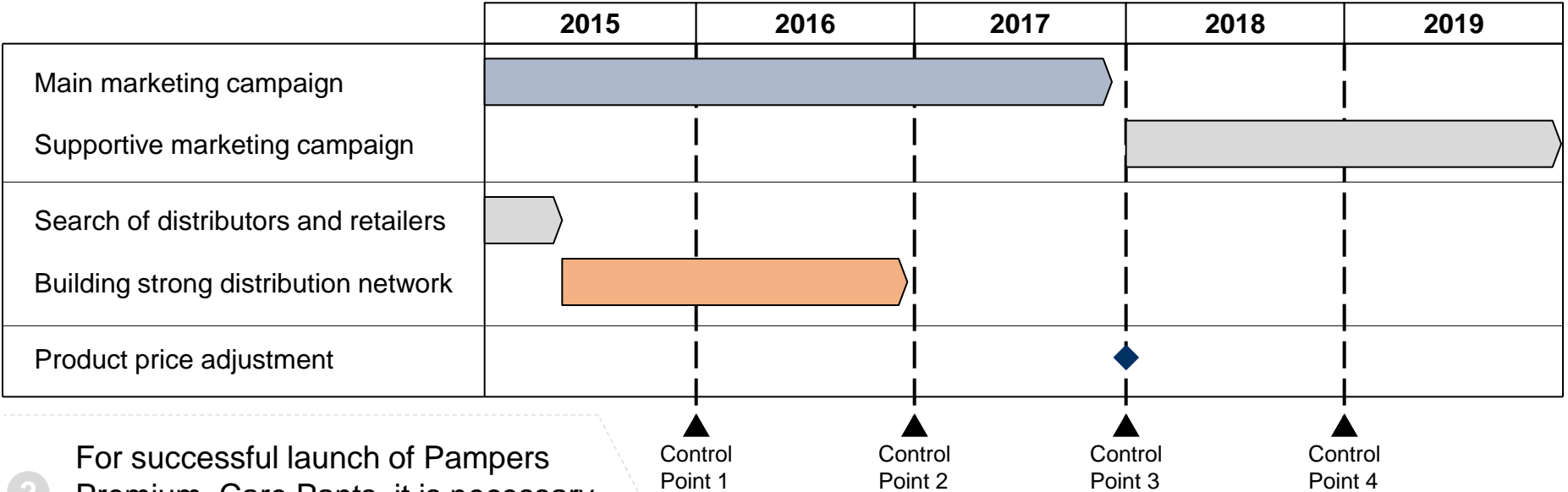
High volume and high frequency of demand

Proximity to vendors (closer than in Ukraine)

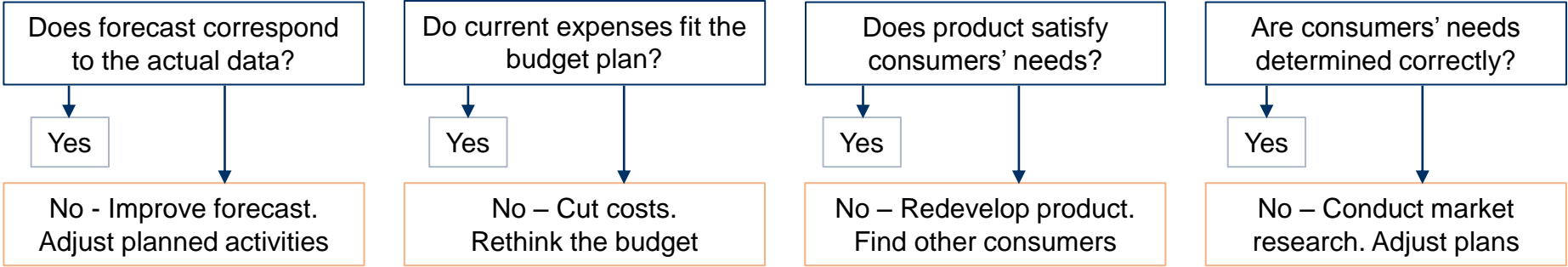
JIT system and controlling for risks (delays, fluctuations in demand)

Dividing launch campaign into separate steps and controlling for quality measures at the end of each period will ensure the success of Pampers Premium Care Pants

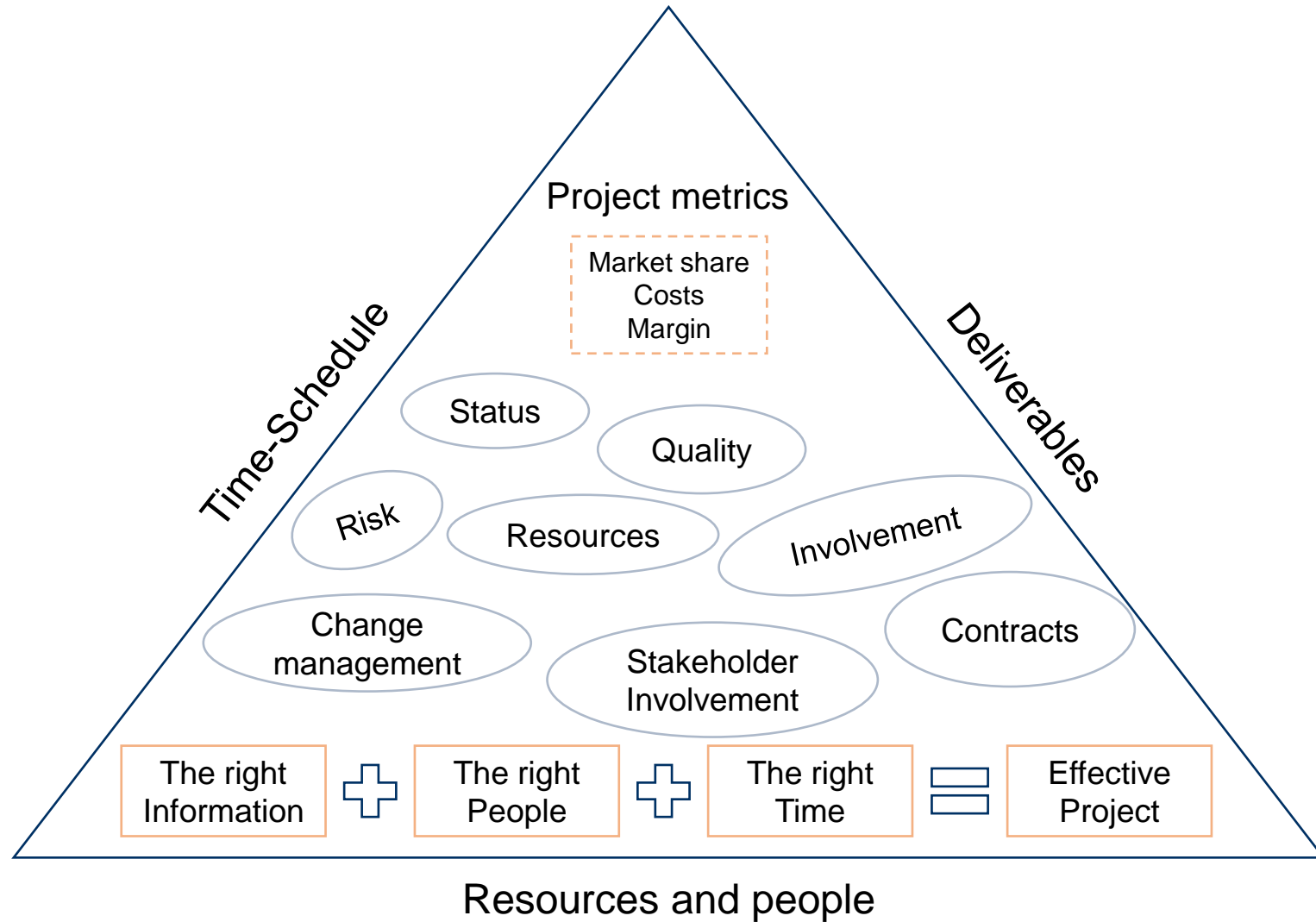
1 The product launch is proposed to be performed according to the following project steps, which include marketing campaign, building strong distribution network and price adjustment in the end of 2017



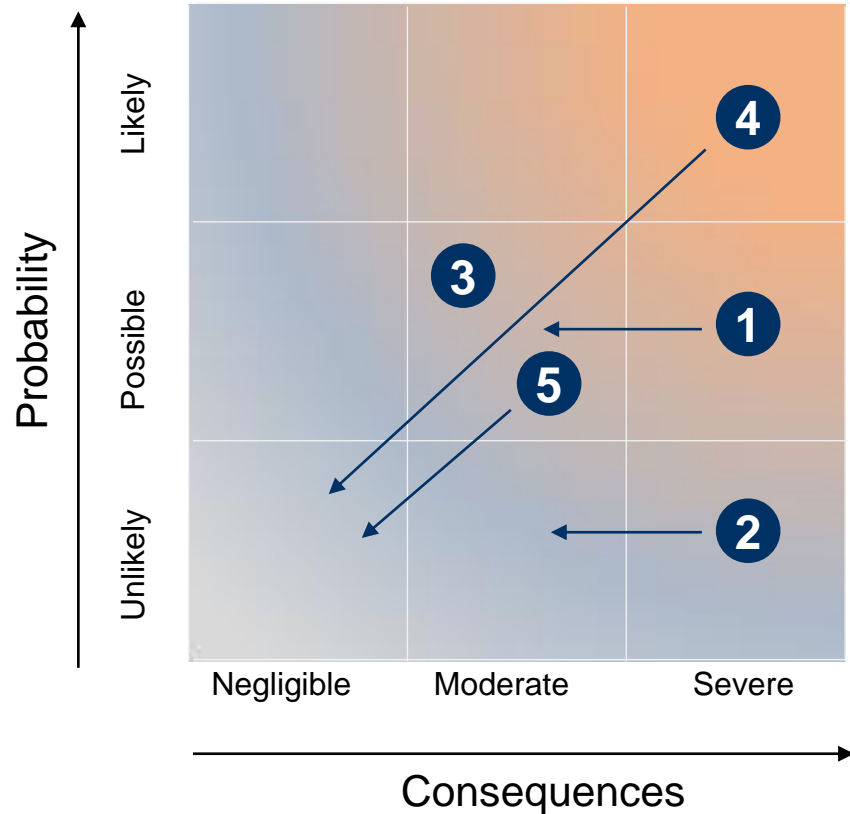
2 For successful launch of Pampers Premium Care Pants, it is necessary to control for quality measures annually



The main preconditions for effective project are feasible objectives, accurate information, skilled people and appropriate time project its realization



Launching a new product Pampers can face different risks, such as reduction of purchasing power, price wars, political risks. There are ways to reduce them



1

Decrease in purchasing power

- Discount system
- Reduction of volumes

2

Price war

- Loyalty programs for consumers
- Higher product differentiation

3

Political risks

- Geographical diversification*
- Develop an exit plan

4

Spoil of product image

- Continuous improvement of product quality
- Close partnership with media

5

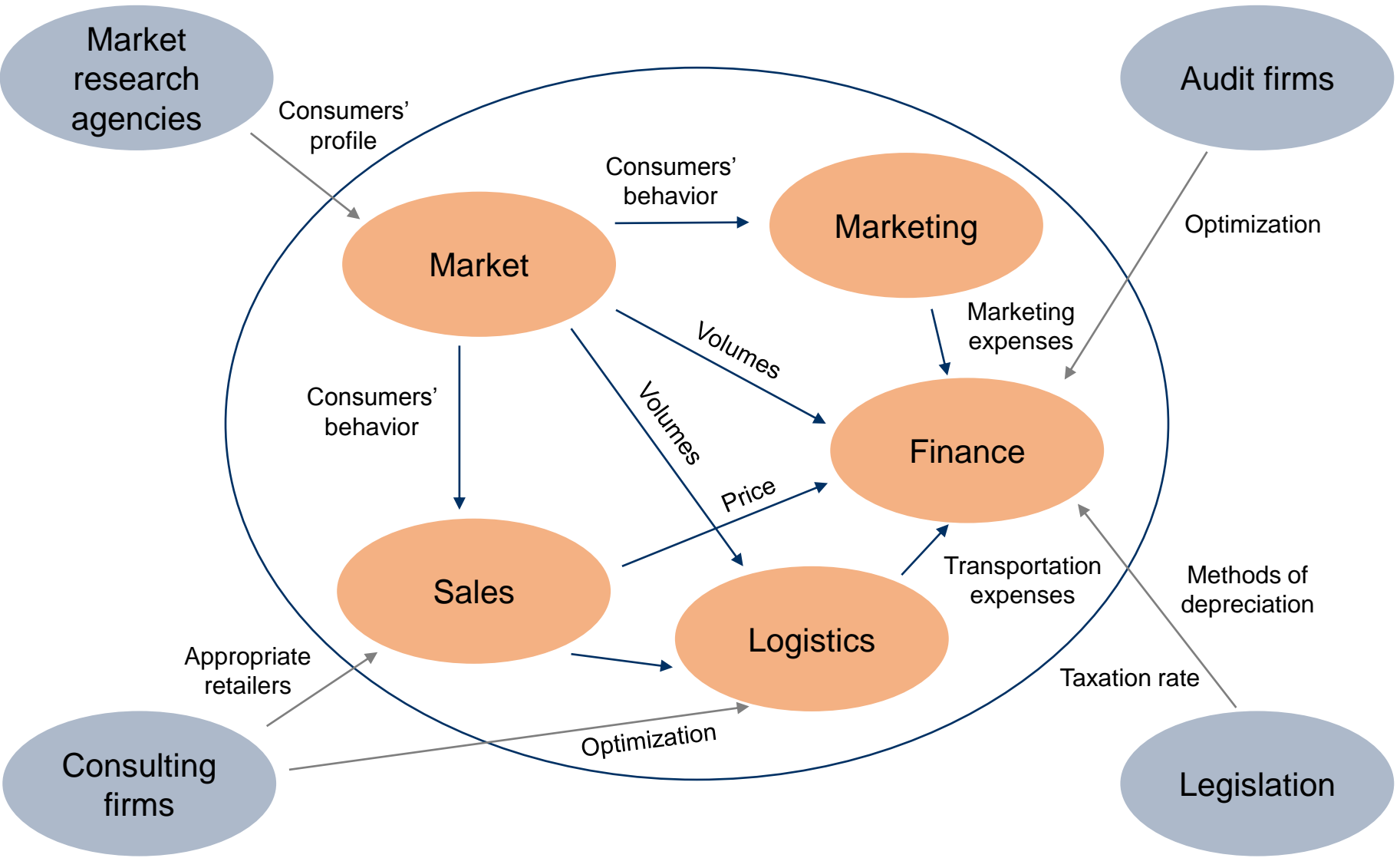
Lose of suppliers and retailers

- Diversification
- Signing long-term contracts

* Pampers is already geographically diversified. Further diversification is impossible

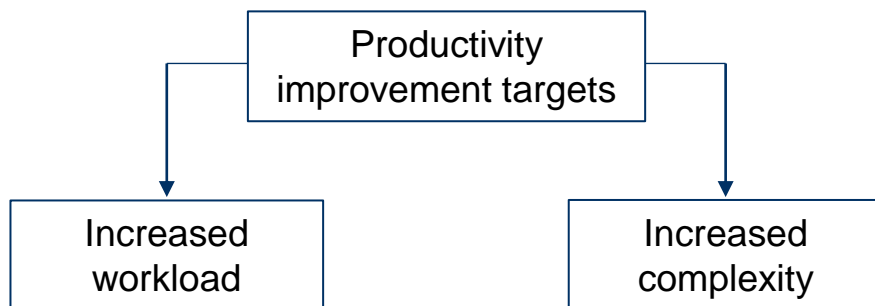
Sources: team analysis

The information to be used launching a new product may be received from both external and internal sources. All department should work cooperatively



There are two main problems in the company: drop in personal engagement and new team-leaders. The solution is to hire experts and conduct team-building activities

- 1 Many problems appears during crisis time such as drop in personal engagement and consumers' shift to lower tier. Target: increase productivity



- 2 The fact that in CBD there are 60% of new team-leaders the team-building actions are required

Drop in relationship with managers

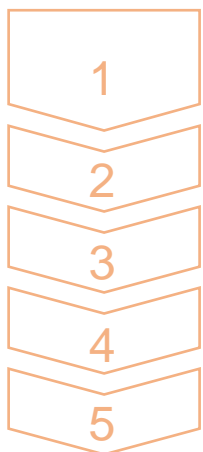
- workshop on relationship
- Friday pizza-party all together

Drop in confidence in leadership

- workshop on leadership
- "vote-for-leader" approach

! Best experts required

- 3 In order to increase workers' motivation and performance, company needs to organize workshops, increase wage while hiring less people and control for the skills of top managers



Ensure high professionalism of those admitted for top positions by evaluating their abilities through enhanced tests

Hire less, pay more for the expertise

Conduct workshops on relationship-building and leadership

Organize Friday pizza-party

Offer employees to vote for the person they consider to be the best leader

Questions to functional leaders include such issues as how to build consumers' loyalty, how to create lower cost supply chain and how to provide healthy profit

CMK manager

How to identify target consumers?

Brand manager

How to establish brand loyalty among the consumers?

CBD manager

How to measure merchandising effectiveness?

SNO manager

How to create lower cost supply chain?

F&A manager

How to deliver a healthy profit growth?

IDS/IT manager

How to ensure technology solution integration into particular business need?

Play_the_Game



**Kostiantyn
Pokhvalityi**

Kyiv School of
Economics,
Business and Financial
Economics

GMC Ukraine, Winner

Project responsibilities:
Marketing



**Oleksandra
Malinovska**

Kyiv School of
Economics,
Business and Financial
Economics

GMAT Competition,
MBA Strategy
(2nd place)

Project responsibilities:
Team leader, Logistic, IT



**Olga
Chernytska**

Kyiv School of
Economics,
Economic Analysis

Saint Petersburg Cup
2014, Finalist
(Changellenge)

Project responsibilities:
Market analysis, Design



**Olga
Pruzhyna**

Kyiv School of
Economics,
Business and Financial
Economics

KPMG International
Case Championship
2015, Finalist

Project responsibilities:
Sales, Finance, HR