

Achieving Business Success in the Fourth Industrial Revolution: The Case of Procter & Gamble

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Abstract

In the highly competitive and constantly changing business world that depicts today's global economy, companies that manage to succeed seem to be those that keep their core values and competitive grit whilst adapting to the context of the Fourth Industrial Revolution. A successful company applies strategic thinking in order to compete for the future and manages to adhere to its healthy core values and efficient business practices in its pursuit to create and deliver the right products or services to its consumers. The aim of this paper is to display some key factors for business success and how it can be manifested and to present the situation specific to the Procter & Gamble company as an example of great success within the current economic context. The methodology was based on a qualitative research method. The paper shows that Procter & Gamble manages to adapt to market conditions, to strategically think about the future and to register excellent business results whilst placing the consumer in the center of its preoccupations. Also, it contributes to a better understanding of this successful global company facing the challenges of the Fourth Industrial Revolution.

Key words: Procter & Gamble, company, business success, the Fourth Industrial Revolution

J.E.L. classification: F23, M10

1. Introduction

A successful economy depends on the state of the businesses that form it and that operates, competes and innovates (Graham, 2003) within specific markets. Since there is a noticeable fierce competition and rivalry on the markets in the age of the Fourth Industrial Revolution (Schwab *et al*, 2018), businesses apply strategic thinking (Toma *et al*, 2016a; Toma *et al*, 2016b) into their business practice in order to stay ahead and to win the consumers' sympathy and loyalty (Toma, 2013; Catană *et al*, 2020; Catană *et al*, 2021). The result can be seen in time as the outcomes of the companies will increase in terms of business success (Sorenson, 2000). Firms acknowledge the given market conditions and try either try to win as much percentage of the market as they possibly can or try to create blue oceans, a new competitive space as they are also competing for the future (Prahalad, 1993). The market is now global and corporations' presence at this level tends to shape the way economies evolve (Grădinaru *et al*, 2017; Grădinaru *et al*, 2018; Toma, 2019a). Thus, this is the scale of the potential impact of a successful global company that matters.

One excellent example of business successes from multiple points of view is represented by the world's largest consumer packaged goods (Esty *et al*, 2016) and one of the most influential companies, Procter and Gamble (P&G). The company is a pioneer creating innovative and creative products, in finding ways to decode what the consumer wants and to be able to deliver on their promise of satisfying their needs in a way that provides customers true benefits at relevant costs.

The aim of the paper is to provide an overview of the P&G company, to serve the purpose of highlighting how a successful consumers goods company looks like in terms of general information, economic achievements, culture, organizational structure, product portfolio and how the firm focuses on the future in the age of the Fourth Industrial Revolution.

The structure of the paper is comprised of the following: the upcoming section provides literature review. The research methodology is highlighted in the third section of the paper. The fourth section is specific to results and discussion. The paper ends with conclusions.

2. Literature review

The concept of business success can be defined as "continued trading" (Simpson *et al*, 2004), or be depicted in terms of growth and profitability, or be decoded in various ways, starting from economic performance (profit, revenue, market value, etc.) and ends with the appreciation consumers have for the company's products or services or their degree of loyalty (seen in the bond they form with the company that can result in mainly choosing that firm's products and in a high degree of recurring purchase acts). Success can be manifested in terms of (Hill, 2021; Lussier *et al*, 2001; Simpson *et al*, 2004):

- Personal satisfaction the entrepreneur has;
- Market positioning: being an important player of the market (even holding a leading position in terms of revenues, profits, etc.) or having an important place in the consumers' minds;
- Longevity whilst still being competitive on the market;
- Sustainability, growth and organizational development: being able to build strengths that endure the test of time, being flexible enough as to stay relevant, having the capacity to adapt to environmental / market conditions, being able to access new markets, etc.;
- Social aspects connected to the moral return a company should exhibit for the society, enabling it to develop alongside the business' achievements and growth;
- Customer satisfaction and the joy and sales generated from being able to satisfy consumer's need and to fix their problems whilst providing added value;
- Employee satisfaction seen in the dedication they have to reach the company's objectives and how, in turn, they can represent a great "marketing" form as they interact with consumers;
- Number of employees: being able to hire a higher number of individuals (even a greater number of knowledge workers when compared to competition) and, as a result, to indirectly support their families, contributing to the general welfare in the areas where they live;
- Financial rewards seen as a return on investment for those who risked their capital for that respective venture;
- Capital: having enough capital to improve multiple facets of the business (investing in technology, employee training, etc.) and managing to stay ahead of the competition;
- Luck: chance can also be considered an important factor; a businessman sometimes reaches success without having that specific direction in mind.

In the Fourth Industrial Revolution, there are several factors that can lead towards reaching a favorable outcome for any company, such as: the financial, human and technological resources (Marinescu *et al*, 2013; Toma *et al*, 2009), the leadership (Săseanu *et al*, 2014), the use of business methods (Toma, 2008), the information access, the governmental support (Jasra *et al*, 2011), the business plan (both financial and marketing) and strategy (Toma *et al*, 2016c), the network of stakeholders, the social responsibility of the company (Samy *et al*, 2010; Toma *et al*, 2011; Imbrișcă *et al*, 2020), innovation and creativity (Grădinaru *et al*, 2017; Toma *et al*, 2017a; Toma *et al*, 2018a; Toma *et al*, 2021), or the entrepreneur's skills and role in creating visionary businesses and investing in their long-term development (Marinescu *et al*, 2017; Toma *et al*, 2017b).

This new industrial revolution is „not only about smart and connected machines and systems” but represents „the fusion of these technologies and their interaction across the physical, digital and biological domains” (Schwab, 2016, p.12). This is why the Fourth Industrial Revolution has made companies worldwide to implementing in their activities and processes artificial intelligence, digitalization (Skilton *et al*, 2018; Tohănean *et al*, 2018; Toma *et al*, 2018b), and sustainable business models (Toma *et al*, 2019b) in order to obtain greater business success.

Reaching success is linked to having consumer driven brands; this, in turn, implies dealing directly and honestly with consumers. Doing so, will not only mean a company would reach its (economic) objectives, but it also enables building strong, long-lasting bonds. Winning within the marketplace implies “a robust process” (Lafley *et al*, 2013, p.4) for crafting a strategy that the company will focus on and most efforts and resources being directed to it. Companies can either focus on a traditional strategy (implicitly on the interests of the firm) or can opt for a co-creation strategy (where all stakeholders’ interests are taken into account). From this point of view, P&G strongly focuses on open collaboration (Agafitei *et al*, 2015), a strategy that enables the company to make “successful innovative connections” (Dodgson *et al*, 2006, p.337), enabling it to have a substantial research and development organization.

Founded in Cincinnati in 1837 by William Procter and James Gamble, the Procter & Gamble company started as a soap and candle making business and ended up as one of the “most visible consumer products companies in the world” (Dyer *et al*, 2004, p.1), a true depiction of business success even after approximately 185 years. The business operates based on core (strategic) values that create their “organizational form in their own unique context” (Tocquingy *et al*, 2012, p.3) as they hire exceptional personnel, treat them with the utmost respect, reward them accordingly and they adhere to values such as tradition, integrity, honesty or fairness. These values become strategic as they are taken into consideration in the company’s decision-making process that has as its final goal achieving success through creating great products that fit the needs of targeted consumers. In return, consumers will reward the company with great sales and long-lasting relationships.

3. Research methodology

In order to come to the research objectives specific to the paper, the authors used a research methodology that is based on a qualitative research method. The information used to be able to portray the overall situation of the P&G company as a lesson of best practices and success comes from sources of secondary data, such as articles, books and reports. The literature review was carried out by using electronic databases.

4. Findings

The P&G company (Table no. 1) is an example of best practices for achieving business success for any company regardless its size. Started from selling soap and candles, P&G improved their “product and process engineering” (DeVane *et al*, 2016) and, thus, broadened its portfolio as their focus shifted towards building their business architecture on innovation (and, thus, investing immensely in their scientific research activity) in order to boost performance and reach triumphant outcomes (Grădinaru *et al*, 2020). Thus, the focus on research and development became a founding pillar for being able to better suit the needs of their consumers. As a result, the company managed to create (Decker, 1998) a floating soap (Ivory), the first fluoride toothpaste (Crest), the effective and reasonably priced disposable diaper (Pampers), the first really efficient dandruff-control shampoo (Head & Shoulders), to patent safety razors (Gillette), etc.

Table no. 1: P&G general information

Country of origin	USA
Headquarters	Cincinnati, Ohio
Founders	William Procter, James Gamble
Year of establishment	1837
Industry	Household and personal products / Fast-moving consumer goods
Company type	Public

Sources: (Fortune, 2021; P&G, 2021b)

The consumer products giant is "an extraordinarily creative and innovative company" (Decker, 1998) and the impact of this mindset can easily be seen as a direct result within their impressive economic results (Table no. 2).

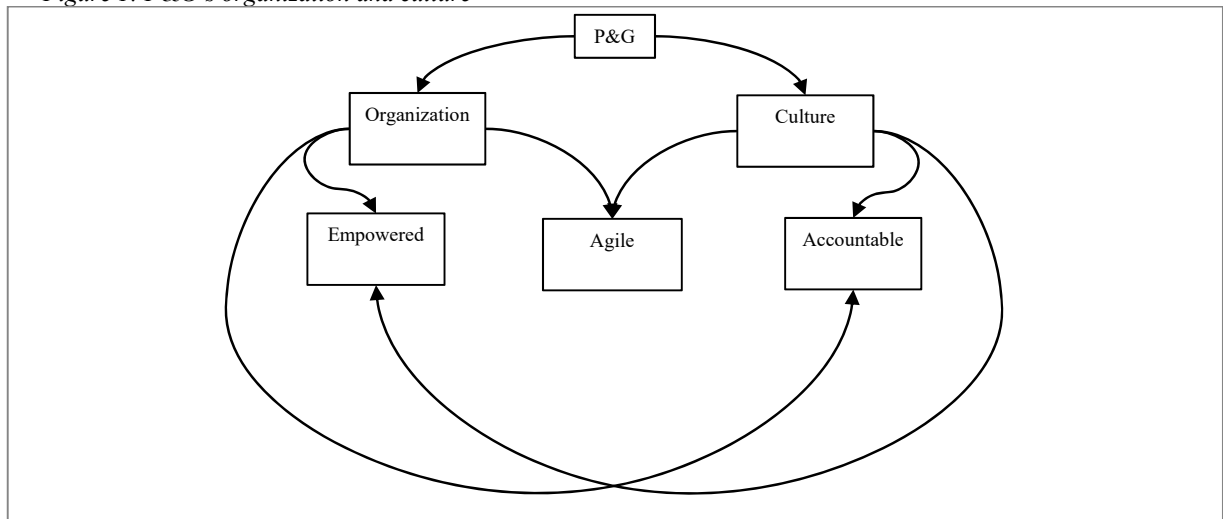
Table 2: P&G economic information

Revenues	\$70,950 million (for the fiscal year ended on June 30, 2020)
Profits	\$13,027 million (for the fiscal year ended on June 30, 2020)
Profits as % of revenues	18.4%
Market value	\$337,366 (as of 22 July 2021)
Number of employees	99,000 (as of 2 August 2021)

Sources: (Fortune, 2021; P&G, 2021b)

Nowadays business environment seeks drives companies towards flexibility, adaptability whilst maintaining a strong, ethical and performant organizational culture (Figure no. 1), P&G being an example of best practices from this standpoint. P&G's current strategy to better adapt to the global business environment and, implicitly, the company's specific (targeted) markets, pushed them at the beginning of the 2020 fiscal year to switch to a new organizational structure (Figure no. 2). The company operated based on six Sector Business Units (SBUs) that are industry-based (baby and feminine care, beauty, family care and P&G ventures, healthcare, grooming and fabric and home care) and are accountable for the company's biggest markets (that they call Focus Markets), generating roughly 80% of their sales and hold around 90% of profits (Procter & Gamble, 2020). The other structures are specific to Enterprise Markets (the rest of the world) that are currently optimized, as they are still relevant for the company due to their market growth rates.

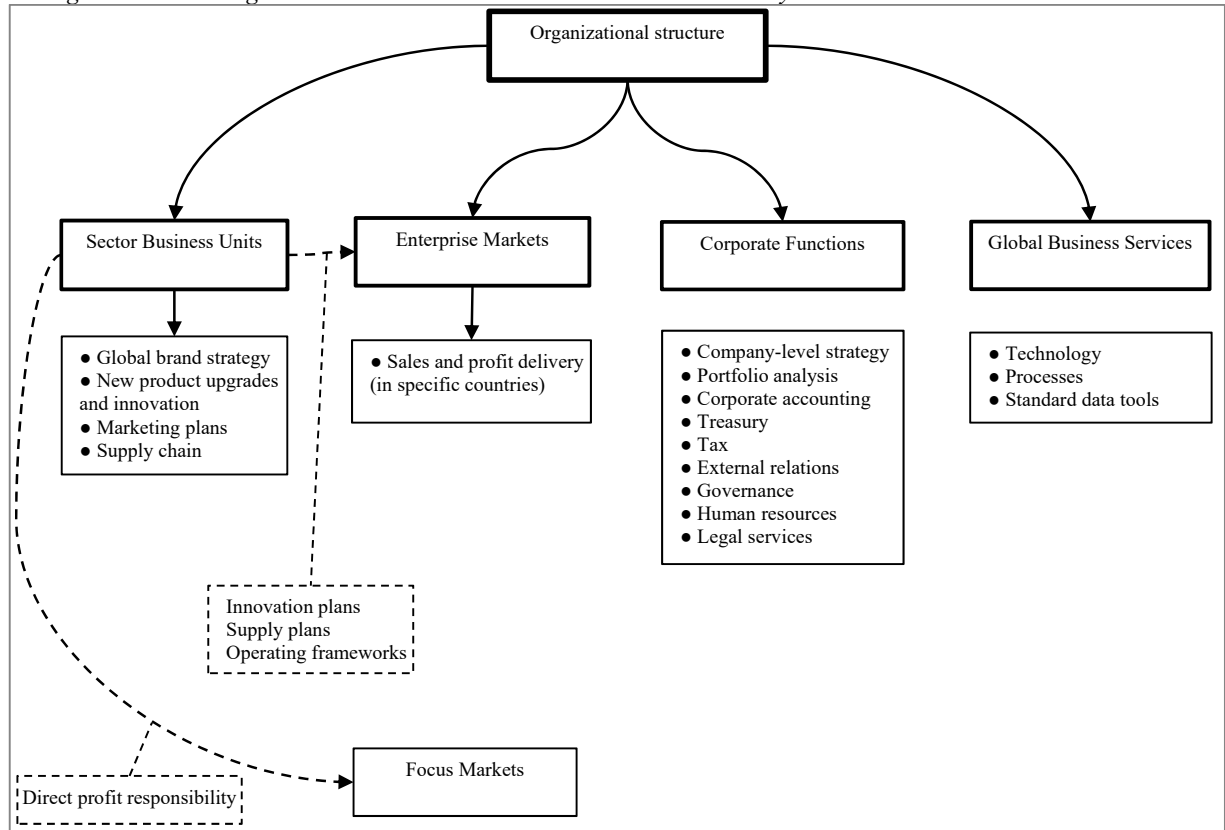
Figure 1: P&G's organization and culture



Source: (authors' adaptation after P&G, 2021a)

Due to constant efforts of adaptation, the company's organizational structure was yet again modified, now having five SBUs (baby, feminine and family care, beauty, health care, grooming and fabric and home care). Thus, the organizational structure is comprised of: Sector Business Units, Enterprise Markets, Corporate Functions, and Global Business Services.

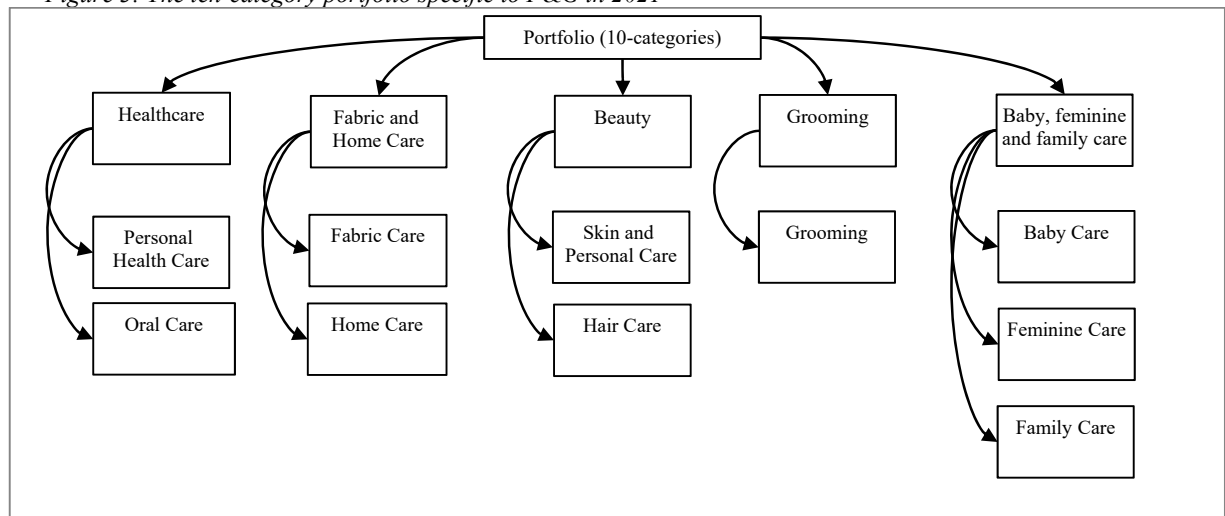
Figure 2: P&G's organizational structure based on market addressability



Source: (authors' adaptation after P&G, 2021a)

The strategy change implies a better handling and focus for the product categories (Figure no. 3), better aligned to fit specific customer's need. The products in the portfolio have a daily-use nature and the focus is put on the value equation: the perceived benefit derived from the product's characteristics and performance should fit the costs that consumers have to pay when choosing a specific P&G brand. These market offering have one important common element: showing market superiority as the company will keep improving them, test their attributes, align their performance based on consumer's need, provide value to consumers and position them correctly on the market.

Figure 3: The ten-category portfolio specific to P&G in 2021

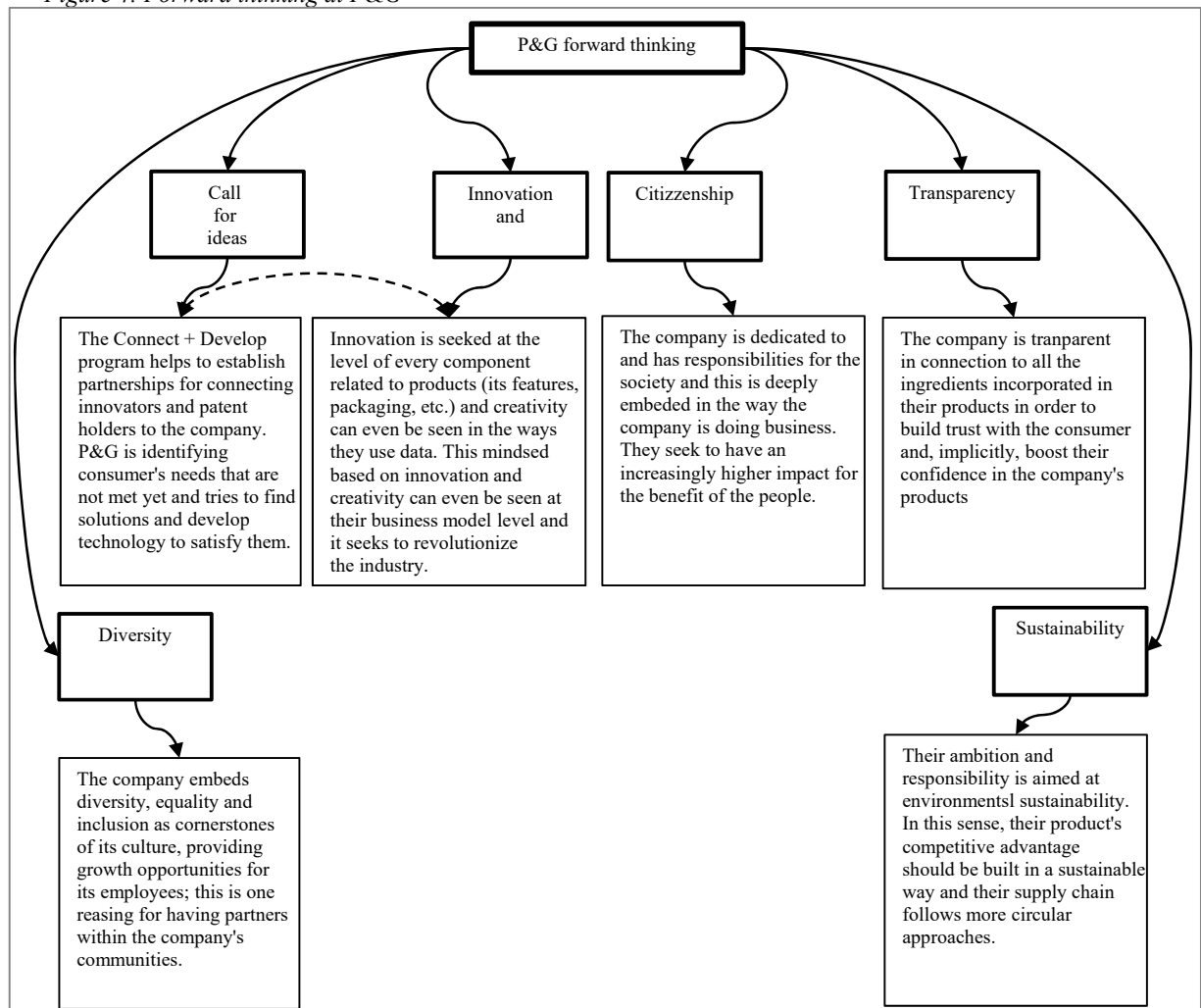


Source: (authors' adaptation after P&G, 2021a)

The company is a pioneer in terms of revolutionary products (high emphasis on innovation) and market research techniques. This was a result of placing consumers first and recognizing the importance of innovation regardless where it is manifested. The solution for maintaining the businesses' viability and prosperity is seen in the company's forward-thinking approach (Figure no. 4). P&G could also attribute its success through its guiding principles (and, implicitly, practices), such as (Decker, 1998):

- The consumer is in charge (listening and understanding the consumer as she - the main targeted segment in P&G's view - will decide if the company will succeed or fail);
- Build highly qualitative, superior products (in order to provide true value for the consumer);
- Create truly unique brands (to be able to connect the consumer with the brands - positive feelings towards them - within the portfolio);
- Keep a long-term view (the long-term health of the enterprise is vital as it influences the extent to which a company manages to achieve the desired outcomes - to reach the company's objectives).

Figure 4: Forward thinking at P&G



Source: (authors' adaptation after P&G, 2021a)

From the abovementioned analysis can be deduced the fact that P&G is definitely an example of best practices of how to achieve business success at the global level.

5. Conclusions

The P&G company constitutes a lesson of business success. Its lessons of best practices are quantifiable in the company's results and close connection with their consumers, a relation built on trust, honesty, transparency; it is also a lesson of how to organize a business to stay competitive in an ever-so-rapidly-changing business environments whilst keeping your values and placing your consumer first. The company is dedicated to following its guiding principles and to have its stakeholders adhere to its corporate culture, exhibits grit in their forward thinking approach, restructures the organization according to simplicity, efficiency and flexibility principles, uses technology and open innovation to improve products in order to be able to be the one recognizable brand in the eyes of its consumers that truly makes a difference and to which consumers are attached to.

The paper shows that P&G manages to adapt to market conditions, to strategically think about the future and to register excellent business results whilst placing the consumer in the center of its preoccupations. Also, it contributes to a better understanding of how this successful global company is facing the challenges of the Fourth Industrial Revolution. This research may be broadened by taking into account other factors that led to P&G's business success.

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