

Chapter 30

Ariel Egypt: From Market Penetration to Fierce Competition

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EXECUTIVE SUMMARY

This case study examines the past and present challenges facing Ariel, a long-time market leader in the detergent sector in Egypt whose market share has started to slip. In particular, it examines the marketing strategies and performance of Ariel High Suds, which is witnessing a declining market share as well as a decline in the overall high-suds market due to fierce competition and the growing low-suds market in Egypt.

INTRODUCTION

“Ariel ranks number one top-of-mind brand in Egypt, ahead of even Coke and Pepsi! That’s an incredible success story,” said Hany Farouk, Ariel Egypt Brand Manager, beaming at Waleed Azmy, Account Manager of Saatchi & Saatchi, the promotional company of Procter & Gamble (P&G), and at Hamed Ibrahim, its General Manager. Ibrahim nodded in satisfaction, saying: “Ariel will always be the brand of the people that provides superior cleaning no matter what

happens in the market, thanks to 13 years of road shows and events that have brought Ariel so close to the hearts and minds of Egyptian consumers.” Smiling, Azmy added: “And don’t forget that Ariel was the pioneer in introducing the reality concept in its campaigns, and competitors are just trying to replicate our ideas.” Farouk took a deep breath and added: “But we need to save the position of Ariel Hand Wash in the market. We have lost significant market share to competitors and to Ariel Automatic Wash as well.”

After Azmy and Ibrahim left, Farouk returned to his office. He glanced quickly through his Ariel High-Suds file, pausing for a minute as it opened

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on one of the office's most prized documents, a one-page memo addressed to the head of P&G's Board of Directors about Ariel Hand Wash (High Suds) Egypt. The memo was included in a book on P&G's success stories, honoring the brand as one of the major successes in P&G's history. Farouk had spent the last 8 years at P&G and had witnessed a great part of Ariel's success story. As he reflected on the evolution of Ariel in Egypt, he pondered its future. "Will Ariel be able to maintain its lead position, both in the market and in the minds of consumers?" he wondered. He believed that saving the brand from the various challenges in the market was a serious responsibility.

Taking the file with him, Farouk left his office to go to a very important meeting with Ahmed Samy, P&G Egypt General Manager. The meeting had been convened to discuss the future of Ariel High Suds in Egypt. Samy recognized the urgency of the problems facing the brand and wanted a detailed discussion and analysis of the situation in order to take quick action.

As Farouk made his way to the meeting, he mentally reviewed Ariel's history and Ariel High Sud's marketing strategies and performance.

ORGANIZATIONAL BACKGROUND

Procter & Gamble

P&G was established in 1837 by two Europeans who immigrated to the United States: William Procter, English candle maker, and James Gamble, Irish soap maker. Headquartered in Cincinnati-Ohio in the USA, P&G is considered the leading consumer goods company, with a mission to improve the lives of consumers wherever it operates. P&G is an internationally owned company with publicly traded shares, currently owned by over one million shareholders from around the globe.

Since 1980, P&G has quadrupled the number of consumers it serves with its brands, to now reach about 5 billion people around the world.

P&G operates in more than 80 countries and markets more than 250 brands in 130 countries. The multinational company employs nearly 106,000 people worldwide.

One of the chief reasons for P&G's success is its emphasis on Research & Development (R&D). In the year 2000 alone, P&G invested \$1.7 billion in R&D through 19 technical centers and about 100 universities around the world. Extensive market research has allowed P&G to understand what consumers want and need, and to invest massively in scientific and technological research to develop new products that satisfy such needs. Many of these world brands (Ariel, Tide, Pert Plus, Pantene Pro-V, Head & Shoulders, Pampers and Always) have become famous household names and can be found in almost every home. (See Tables 1 and 2 and Figure 1)

Procter & Gamble Egypt

P&G Egypt began its operations in 1986, producing Camay soap and Crest toothpaste in a plant located at 6th of October City, right outside Cairo. For the remainder of the decade, P&G continued expanding its manufacturing operations. Expansion activities included the construction of a synthetic detergent tower in 1990 to produce the Ariel brand. Since the turn of the century, P&G Egypt has continued to introduce new products in the market. Examples include Tide and Downy alongside Ariel automatic and Ariel hand wash in the detergents sector; baby care products such as Pampers; feminine products such as Always; shampoos such as Pantene, Pert Plus and Head & Shoulders; and - in addition to Camay - soap bars such as Zest.

P&G Egypt employs over 1000 highly trained people. Through capital investments of over LE 120 million (about \$20 million), the company has confirmed its commitment to further growth in the Egyptian market by expanding its Ariel production facilities to create the largest detergent tower in the region, making P&G Egypt the regional

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