

## Research

16 May 2012 | 36 pages

# Global Ad Trends

## What The Advertisers Are Saying - 2012 Part II

- **What's New In This Report?** — Following the recent round of results, we have collated comments from the global advertisers on A&P plans this year.
- **Conclusion #1: Outlook Remains Positive For A&P; Focus on 2Q/3Q** — Of the c.40 company comments we reviewed, 17 companies specifically commented on the A&P spending levels for 2012 with 15 guiding to an increase in spend in absolute terms. Bullish commentary on product launches supports this. With the 2012 sporting events looming, 7 companies specifically commented on ad spend being focused around 2Q/3Q.
- **Conclusion #2: Cost Consciousness Remains** — Several comments highlight a continuing focus on driving efficiency in marketing spend, with some noting that rationalising/consolidating agencies helps drive efficiencies. Consolidation should play into the hands of the global agency groups, helping them to gain share, but the motive appears to be predominantly financially driven. In an ANA survey of global marketers 75% said that procurement is significantly involved in managing/negotiating agency compensation. This is likely to drive a sustained high level of global pitches.
- **Conclusion #3: Promotion Easing & Pricing Supportive** — The companies continue to see levels of promotion easing as pricing has been successful (skewed to the US and emerging markets, with mixed outcomes in Europe).
- **Conclusion #4: Mixed Approach in Europe & Some Signs of Growth Slowing in EM** — Most companies remain cautious on Europe, although the marketing approach is mixed (some note they continue to spend on marketing and others say they have pulled back). This is the first review in which we have noted a handful of companies commenting on slowing growth and/or pricing pressure in the emerging markets. It is the exception rather than the rule at this stage, however.
- **Implications for Media** — The A&P outlook remains relatively solid on a global basis but costs remain heavily in focus. We believe that global agency forecasts are broadly up with events. In Europe, we rate Aegis and Havas both Buy (Aegis for growth and market share gains and Havas for low valuation), and in the US we rate Omnicom and Sapient Buy. From a media owner perspective, we take a more selective approach. We remain cautious on Southern Europe (rating Mediaset and Mediaset Espana both Sell) and more positive on some Northern European names with decent/improving momentum and low valuation (we rate ITV, ProSieben and DMGT all Buy). 1Q advertising and 2Q guidance in the US highlights solid trends (see AdverTracker report). We rate Viacom and Time Warner Inc. Buy.

See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

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## What The Advertisers Are Saying – 2012 Part II

We have reviewed commentary from the recent results of over 40 global advertisers (through review of the transcripts) covering A&P plans, promotion levels, pricing and product initiatives. The key takeaways are:

- **A&P Spending Outlook Remains Positive** – 17 companies specifically commented on the A&P spending levels for 2012 and 15 are guiding to an increase in spend in absolute terms. The key drivers are reinvesting in brand building (sustain/gain market share), support product launches and support 2012 sporting events.
- **Ad Spend Focused on 2Q/3Q** - Some of the large advertisers are either sponsors of the 2012 sporting events or see it as an opportunity to promote their brand/products. With the events looming, 7 of the companies specifically commented on spend being focused around the events in 2Q/3Q.
- **Cost Conscious** – While the timing of spend may be skewed by events, this doesn't necessarily mean ad spend growth will be significant this year. There are still several comments that highlight a continuing focus on driving efficiency in marketing spend, especially non-consumer facing spend, with some noting that rationalising/consolidating agencies helps drive efficiencies. Consolidation of agency partners should play into the hands of the global agency groups, helping them to gain share, but on the flipside the motive appears to be predominantly economically driven. Supporting these comments is a recent survey of 71 global marketers by the Association of National Advertisers (ANA) in which 75% said that procurement is significantly involved in managing/negotiating agency compensation. This is likely to drive a sustained high level of global pitches (the Unilever pitch outcome is awaited - currently held by WPP).
- **Promotion Easing & Pricing Supportive** – The companies continue to see levels of promotion easing as pricing has successfully been put through. Nielsen's US HPC data highlights a slight increase in promotion levels but continuous improvement in pricing. Commentary suggests that pricing inflation over the next 12 months will be less pronounced. Pricing improvement has been skewed to the US and emerging markets, with mixed outcomes in Europe.
- **Mixed Ad Approach in Europe & Some Signs of EM Slowing** – Most companies remain cautious on Europe, although some continue to spend on marketing as it's a core market, and others have pulled back due to lack of ROI. This is the first review in which we have noted a handful of companies commenting on slowing growth and/or pricing pressure in the emerging markets. It is the exception rather than the rule at this stage, and growth is still high relative to Europe, but it is one to watch to see how the trend develops.
- **Production Pipeline Strong** - 24 companies specifically mentioned product initiatives and launches planned for this year, which tends to be key for marketing. Several were upbeat about a high level of launches this year.

The A&P outlook remains relatively solid on a global basis which is supportive for the global agency groups, but procurement is still a dominant force and costs remain heavily in focus. We believe that agency forecasts are broadly up with events, and we will look out for any signs of slowing in emerging markets. In Europe we rate Aegis and Havas both Buy (Aegis for growth and market share gains and Havas for low valuation), and in the US we rate Omnicom and Sapient Buy. We have Neutral ratings on IPG, WPP and Publicis.

From a media owner perspective, we take a more selective approach. JCDcaux recently provided weaker than expected 2Q guidance due to pressures in Europe and slowing growth in China. We rate it Neutral. We remain cautious on Southern Europe (rating Mediaset and Mediaset Espana both Sell) and more positive on some Northern European names with decent/improving momentum and low valuation (we rate ITV, ProSieben and DMGT all Buy). 1Q advertising and 2Q guidance in the US highlights solid trends (see AdverTracker report). We rate Viacom and Time Warner Inc. both Buy.



## Positive A&P Outlook

We have reviewed the latest results transcripts of over 40 of the largest global advertisers. Of these, 17 specifically commented on the plans for the level of A&P in 2012, with 15 of those guiding to/implying an increase in absolute terms and 2 implying spend will be down. There were several companies that commented on planned spending levels in February that did not specifically comment on this in the recent results but there was no suggestion that there had been a change to planned A&P levels. Overall there appears to be little change to broad A&P plans for 2012.

**Figure 1. Absolute A&P Spend Movement 2012 Based on Company Commentary (May 2012)**

Up	Down
Adidas	Beiersdorf
Carlsberg	General Motors
Coca-Cola	
Colgate Palmolive	
General Mills	
Hasbro	
Heineken	
Kimberly-Clark	
Kraft	
L'Oreal	
P&G	
Pepsi	
Pernod Ricard	
Reckitt Benckiser	
Visa	

Source: Company Reports

**Figure 2. Absolute A&P Spend Movement 2012 Based on Company Commentary (February 2012)**

Up	Down
Carlsberg	General Motors
Coca-Cola	Novartis
Colgate Palmolive	
Danone	
Ford	
Heineken	
Kellogg	
Kimberly Clark	
McDonalds	
P&G	
Pepsi	
Pernod Ricard	
Reckitt Benckiser	
Toyota	
Unilever	
Visa	
Johnson & Johnson	

Source: Company Reports

The drivers of the spend increase are reinvesting in brand building (sustain/gain market share), support product launches and support 2012 sporting events.



## Ad Spend 2Q/3Q Focused

Several of the large advertisers are sponsors of the sporting events or see the events as providing an opportunity to promote their brand/products. 7 of the companies specifically comment on spend being focused around the events in 2Q/3Q.

Adidas: *"As in most event years, our marketing spending this year will be focused on the event quarters, which are here the Q2 and Q3"*

Anheuser Busch InBev: *"Budweiser now has a big spring/summer activation program - Fold of Honors, the Major League Baseball special pack, the Red, White and Blue program that was so successful last year. So I mean these next two quarters will be lots more in terms of support for the brand."*

Coca-Cola: *"As we look ahead to this summer, both in Europe, as well as across the world, we are very excited about the unique opportunity to grow the value of our brands even further through our investments in the 2012 London Summer Olympic games. For context, during the 2008 Beijing Summer Olympics, we activated 36 markets across the globe. For this year's Summer Olympics, we plan to activate almost 100 markets."*

P&G (3Q): *"In addition to product innovation, we just kicked off the strongest global commercial innovation program in company history. Last week we started the worldwide retail activation of our Olympics sponsorship."*

Visa (2Q): *"Marketing expenses at \$170 million reflect a heavier weighting to the second half of the year, timed with the global promotion of the London Summer Olympics."*



## Cost Consciousness Remains

While there are encouraging comments on ad spend in 2Q/3Q, this doesn't necessarily mean that ad spend growth will be up significantly this year. It is likely more reflective of the concentration of timing of spend over the year (Adidas states that the marketing budget won't be beyond the usual 12-13% of sales because of events). As we saw in February, brand investment is often highlighted as important, but there is continuing focus on driving efficiency in marketing spend (especially non consumer facing spend).

*P&G: "At CAGNY we outlined a five-year plan to save up to \$10 billion from a projected cost pool of around \$85 billion in fiscal year 2016. We discuss opportunities in nearly every element of cost from materials and manufacturing to marketing to overheads and we are moving forward on each of these. Some have questioned why we would cut our marketing investments. We're not. We'll grow it significantly, just slightly below the rate of sales growth and many of the savings will be in non-advertising marketing costs."*

*Beiersdorf: "Going forward, there will be more punch in our advertising.....Having more efficiency in advertising would mean that you get more for the same level of investment. So we would, even if we don't accelerate, increase, the level of investment further, would expect to see more effect in the market in the years to come."*

*General Motors: "Our marketing organization delivered two major cost and complexity reductions this quarter. In January we consolidated our global media planning and buying services to increase our purchasing power, and in March we reduced the number of advertising agencies that support our Chevrolet brand from 70 down to essentially one."*

*Hasbro: "For the full year, we're planning for ad spending to be up and the target for the company's overall advertising and revenue ratio remains in the 10% to 11% range.....We've taken steps to right size the organization and implement a higher level of spending in consumer-facing marketing and advertising."*

*Heineken: "The quality of the spend is getting much better based on the fact that we centralize more, so you have a lot of production cost or things which consumer don't see that is..... the part that is getting lower so the increases get better seen by consumers. So the consumer facing investments are really going up."*

*Pepsi: "We're also being much more productive with our so called non-working dollars which is an incremental source of funding for stepped up media investment. One of the major drivers of this productivity is the rationalization of our agency partner relationships."*

*Unilever: "You're very right to highlight how we're trying to drive consumer-facing media. That's something that we've been very focused on over the last 12 to 18 months and that will continue so that we can get a bigger bang for our buck."*

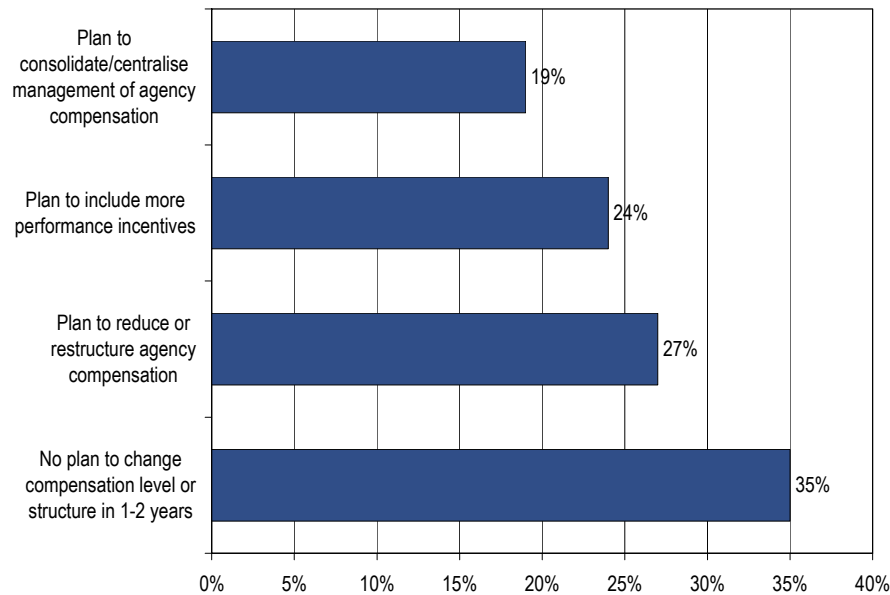
3 of the companies specifically refer to rationalization of agency partners as a means to helping to drive efficiencies (GM held by Aegis, Pepsi held by Omnicom and Colgate Palmolive held by WPP).

This is a bit of a double edged sword for the agencies. Consolidation of agency partners should play into the hands of the global agency groups, helping them to gain share, but on the flipside the motive appears to be predominantly economically driven (although Colgate Palmolive notes that it helps with consistency globally).

Supporting these comments is a recent survey of 71 global marketers by the Association of National Advertisers (ANA) in which 75% said that procurement is significantly involved in managing/negotiating agency compensation, and of those, 47% said the process is procurement led with marketing support.

Advertisers' plans for agency compensation highlight there is the ambition to change, with only 35% planning not to change the compensation level or structure over the next 1-2 years. This is likely to drive further global pitches. We await the outcome of the Unilever pitch (which is currently held by WPP).

**Figure 3. Global Advertiser View on Agency Compensation**



Source: Citi Investment Research and Analysis

## Promotional Levels Easing

As we saw with commentary in February, the questioning and focus on promotion has eased off as pricing has been put through. Only 12 companies commented on promotional levels and within that 5 have specifically noted that the promotion environment has improved. Those that continued to see intense promotional activity appeared to see it in specific pockets e.g. certain categories or certain geographies, rather than broad based.

Colgate Palmolive: "The very heavy promotional activity on the part of some of our competitors seems to have lessened, which bodes well for everyone."

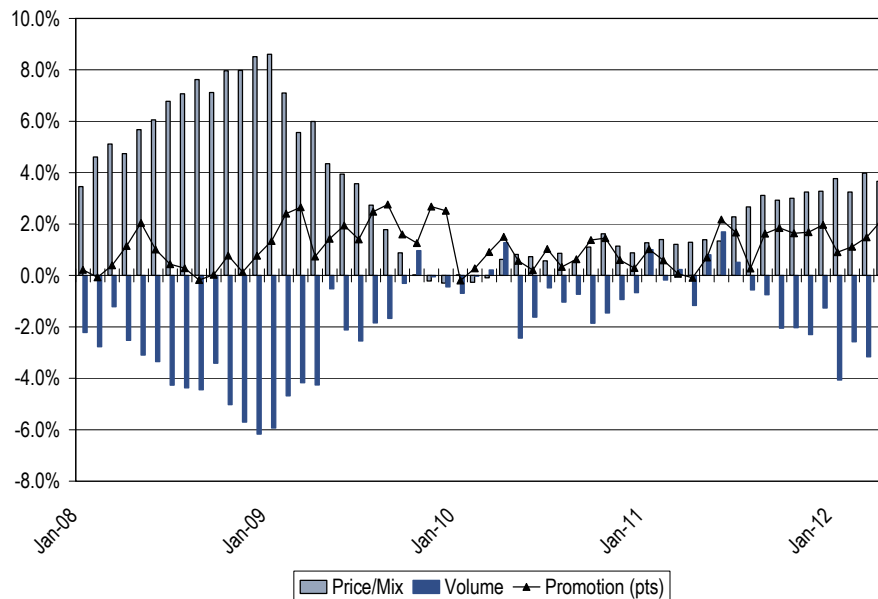
General Motors: "Our incentive levels on an absolute basis have decreased \$360 per vehicle from the prior year."

Kimberly Clark: "Southern Europe, particularly Italy, you've got retailers advertising private label pricing right now..... So there's a lot more promotion spending in the marketplace and that's showing up in some of the negative price."

P&G: "There are a few additional category country combinations where we've lost market share due to increased competitive promotional activity."

The most recent Nielsen data on the US HPC market shows that promotion growth has picked up again in the past couple of months but this is against a period of low growth in 2011 and is still below the peak levels in 2009. This chart also shows that pricing increases have been picking up (albeit with a negative impact on volume).

Figure 4. US HPC – Price / Volume / Promotion Growth 2008-April 2012



Source: Nielsen



## Pricing Highlights Geographical Differences

The commentary on pricing is broadly supportive, with the consensus being that pricing has successfully been passed on (24 companies specifically talked about an increase). Several also comment that price increases through the next 12 months are likely to be less pronounced as inflation comes down. While pricing appears solid, this has been skewed to the US and emerging markets with mixed outcomes in Europe, and commentary remains cautious on the macro environment and consumer.

Anheuser Busch InBev: *"....what I can say is that pricing is firm and we feel good about it as we felt in the last three years."*

Carlsberg: *"the underlying pricing environment has been a little better in quarter one compared to what we saw in most of 2011"*

Clorox: *"Our U.S. categories are getting healthier as pricing takes hold and the economy recovers."*

Kellogg: Europe has seen.... *"higher than expected elasticity. We expect Q2 sales to be down as the price settles in with consumers."*

Kimberly-Clark: *"I think that taking pricing in Continental Europe is probably the most difficult part of the world to take pricing in."*

McDonald's: *"We do not currently have as much pricing power in Europe and in key markets"*

LVMH: *"We've seen normal price increases mostly in Europe. We have not taken any action anywhere else. So it's in Europe, 2.5% to 3%."*

Unilever: *"we remain in that ballpark of around 2% carryover and we're actually very careful about pricing in year this year. If you just think about the consumer and what the consumer can or can't take, they are in bad shape and so we want to be very sensitive on what levers we do or don't pull."*



## Mixed Approach to Advertising in Europe

Most companies' commentary around Europe remains cautious (although some companies noted solid developments in Europe - Coca-Cola, Beiersdorf, Renault). The response to this from a marketing standpoint is more mixed. Some have continued to spend, as it's a core market, while others have seen declines in the business that has led to a pullback to focus spend elsewhere:

Beiersdorf: *"Europe is Beiersdorf's profit engine, with a significant increase compared to last year. This is very much in line with our approach of generating funds in Europe, which are then used for market investment in the developing part of the world."*

Kellogg: *"We've been disappointed on the return on the investment of our European brand building, so we have pulled back a little bit here in the first half because we didn't feel like the programs were strong enough"*

Danone: Western Europe is important and investment will continue because it is the core business and *"there's a level of sales decrease behind which it becomes extremely challenging on margins."*

Heineken: *"We're not scaling down our marketing cost in Europe."*



## Early Signs of Slowing in Emerging Markets

We would caveat this by stating that commentary on slowing in the emerging markets still implies stronger growth than in other regions, so the distinction between the key markets remains. However, it is the first review in which we have noted commentary from some companies that growth is expected to slow and/or there are signs of pricing pressure (although at this stage it remains the exception rather than the rule).

General Motors: China: *"has been some element of pricing pressure at different points in the market"*

McDonald's: *"We're also seeing challenging economic conditions, with slow growth in China and ongoing tightening in Australia. We're managing through the environment with a focus on compelling menu offerings, strong value and convenience."*

Pfizer: *"There's three large trends going on in emerging markets - Now against that and specifically to your pricing question, we do expect there'll be price pressure in the future on a continual basis."*

Reckitt Benckiser: *"We said that emerging market growth rates, we will see earlier to be high single digits and now we are seeing emerging market growth rates to be mid to high single digits. So there is a slowdown. That slowdown is a bit more profound in some markets, not every market but some markets continue to perform that strongly, but in other markets we do see some slowdown."*

Hyundai: *"India.....because of the economic crisis from Europe there the domestic economy and their domestic sales got some of the impact. So that we believe that there the demand can be slightly coming down.....our target in 2012 we expected the India market will be increasing around 9.9%....but at this stage we revised our view to 7.8% increase compared with the last year."*



## Product Pipeline Remains Strong

The commentary on product launches remains solid, with 24 companies specifically commenting on plans for product initiatives and launches this year. This tends to be a key support for marketing and therefore commentary is supportive.

Adidas: On Reebok *"Looking forward, our plans for 2013 will include some major product and technology launches."*

Apple: *"We remain very confident in our strategy, and we're very excited about the fabulous new products in our pipeline."*

Clorox: *"Our innovation should reach an all-time high this year, north of 3% growth. So, we continue to build on that pipeline."*

Ford: *"Three new global products will be launched in South America this year, with the impact positively affecting results primarily in the second half."*

General Motors: *"we have more than 20 major product launches in 2012."*

Pepsi: *"Our goal is to double the contribution of our new products to our total net revenue and our Q1 results in this regard are encouraging. Our innovation is targeted on specific channel, cohort and occasion opportunities with a particular focus on emphasizing our mega brand."*

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## Summary of Advertiser Comments

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**Figure 5. Summary of Comments From Global Advertisers – Quotes from Management From Recent Results Commentary**

Company	Comments Advertising	Comments on Promotions	Comments on Product Launches	Comments on Pricing
Adidas	<p>"For the quarter, sales and marketing working budget expenditures increased 2%, amounting to €426 million. As a percentage of sales, the ratio came down 1.6 percentage points to 11.1%. For the full year, I expect this metric to be at a similar level versus 2011, that's around 12.7%. As in most event years, our marketing spending this year will be focused on the event quarters, which are here the Q2 and Q3."</p> <p>On marketing spend: "I think that we always have said that we will spend between 12% and 13% (of sales). And you should not assume that in an event year, our marketing working budget is going across this boundary. Because as we have said already several times, we try now to phase our product introductions, our new brand campaigns and also the big sporting events throughout the year, that we have on the one hand a more stable spending on our marketing working budget, and therefore permanently talking to our consumers. And in the in between years, it's much more about product concept and new innovations whereas in the event years, we talk much more about the events. And you can imagine that with the phase grows, which we are experiencing, that yes we want to bring the marketing working budget step-by-step slightly down.....Let me also make it clear that I see marketing working budget as an investment in our consumers, and therefore we will always spend a certain amount which we think we need to excite our consumers and drive our sale."</p>		<p>"Looking forward, conditions are perfect for us to extend our market share lead with some very significant product introductions and brand activation events now hitting the market. the best-selling good in the market, the adizerof50 will be joined on field this Saturday by the new and highly-anticipated brand Leather Sole, which launched on Tuesday."</p> <p>"Our Olympic-related product is doing very well, with the Team GB offering designed together with Stella McCartney exceeding all of our expectations."</p> <p>"I'm also pleased to report even though it is early days yet, our eight test stores in Germany are showing very encouraging signs."</p> <p>"We also have just started introducing the new jerseys and match balls for the 2012, 2013 club season."</p> <p>Reebok: "Looking forward, our plans for 2013 will include some major product and technology launches"</p>	<p>US: "we do believe by raising our profile and therefore raising our average selling prices with better and more innovative product, we strive for better margin. And I think the adiZero Crazy Light basketball shoe is the best example. Is the lightest shoe in the basketball industry, has a high demand by the consumer, therefore we can raise prices and therefore we get better margins, and we will continue to do so."</p>
Anheuser-Busch InBev	<p>"Brand health remained stable in the U.S. and we saw strong performances in most of our key markets around the world. This includes double digits volume growth in China, Russia and the UK where we are sponsoring the FA Cup for the first time."</p> <p>"Budweiser now has a big spring/summer activation program - Fold of Honors, the Major League Baseball special pack, the Red, White and Blue program that was so successful last year. So I mean these next two quarters will be lots more in terms of support for the brand."</p> <p>Latin America South "had another strong quarter" driven by strong marketing campaigns.</p>		<p>"Our Bud plan of renovations and innovations is very healthy and we'll keep it that way."</p>	<p>"Well I wouldn't give a guidance on pricing, but what I can say is that pricing is firm and we feel good about it as we felt in the last three years."</p>
Apple (2Q)	<p>"We are...investing in R&amp;D to introduce the most innovative products in the market. We are also spending on marketing, advertising, opening more of our own retail stores and expanding our indirect channels around the world to increase sales."</p>		<p>"We remain very confident in our strategy, and we're very excited about the fabulous new products in our pipeline."</p>	<p>"We decreased the entry price of the entry iPads to \$399... we're just learning about the elasticity of demand and the \$399 price point. It's doing well. But I have to tell you the new iPad is on fire and we're selling them as fast as we can make them. So we'll learn more over this quarter, especially as we get through the education buying season which looks terrific for us, especially on the iPad."</p> <p>"On the iPhone, we continue to be very happy with the moves that we made in pricing just a few months ago on the iPhone 3GS and the iPhone 4 and both of them contributed to our ability to achieve \$35 million in sales which is our second highest quarter of all time."</p>

Company	Comments Advertising	Comments on Promotions	Comments on Product Launches	Comments on Pricing
Beiersdorf	<p>"Going forward, there will be more punch in our advertising. We must involve our consumer emotionally even more and it has to be product-benefit-oriented. Our advertising must clearly convey the superiority of our brands and products, and that they provide the best skin care for our consumers."</p> <p>A&amp;P as a percentage of sales will be at 28-30% this year. A little lower than last year because last year had the 100-year celebrations. "We want to keep that high investment level at the high-end of the 20s. it's also confirmation that we believe and the concept is working."</p> <p>"Having more efficiency in advertising would mean that you get more for the same level of investment. So we would, even if we don't accelerate, increase, the level of investment further, would expect to see more effect in the market in the years to come. Now, you will know that when you start to rework the process, it doesn't result in effect within one or two months, but it will take at least one to two years to really see the full effect coming. More punch doesn't necessarily mean more cost, so that's I think the trick here. Regarding the medium-term aspect, it's 28% to 30% of consumer sales, what we have penciled in for advertising and promotion."</p> <p>"Europe is Beiersdorf's profit engine, with a significant increase compared to last year. This is very much in line with our approach of generating funds in Europe, which are then used for market investment in the developing part of the world."</p>	<p>"In North America, we're currently aiming at profit improvement and had less promotions than in 2011."</p>	<p>"Our focus will continue to be on big product innovations"</p>	
Carlsberg	<p>"EBIT difference quarter-over-quarter in Eastern Europe, it is three things.....very different sales and marketing phasing this year, which has less to do about the marketing ban coming in July, far more to do about the spacing of sales and marketing investments after the euro. That goes for all regions, but definitely also for Eastern Europe."</p> <p>"Sales and marketing spend in Eastern Europe and Russia, what we said was as a percent of net sales, will not be far off, will be quite similar to what you saw last year."</p> <p>On advertising vs trade marketing sales: "gearing up on kind of in-store events, because we know the environment will change when we get to mid this year. So, it's also in preparation for that. And of course, the euro also take a lot of investments. And the euro is not about just advertising. It's much more about creating in-store theatre, getting consumers engaged and involved in the event. So, therefore, probably more on the in-store trade marketing side."</p>			<p>"On pricing, ABI, Carlsberg and competition, we have all, I think, more or less covered the two price increases. As far as we can see, the duty impact, when we talk about list price increases, the underlying pricing environment has been a little better in quarter one compared to what we saw in most of 2011, as far as we can see. But then again, this is a very small quarter. It's very early in the year. I think we can say a lot more after Q2 when we get into the much bigger month in terms of pricing environment."</p> <p>In Northern and Western Europe they have flat price mix.</p> <p>On Russia:" ...we benefit from some of the pricing from last year as well in quarter one. But so far, what we have done in pricing, as we explained, we have covered the duty increase. We have taken a little more in May. Yes, consumer dynamics are positive overall in Russia. So, the underlying market seems, I wouldn't say, buoyant, but very positive. But again, this is quarter one only and yes, we are still let's say, confident, about our full year outlook."</p>

Company	Comments Advertising	Comments on Promotions	Comments on Product Launches	Comments on Pricing
Clorox (3Q)	"Our new product innovation program continues at record levels and our integrated marketing plans continue to deliver."	"Trade spending was up slightly in the quarter, but the rate of spending was not materially different than it was a year ago. So this is not a big trade issue, this is really more of a larger size issue. And quite frankly, we have some retailers particularly in Charcoal, that are spending a lot of their own money to get consumers in their stores. That's not discounting that we're paying for, it's discounting that they're doing on their own to bring people into their stores."	"Our innovation should reach an all-time high this year, north of 3% growth. So, we continue to build on that pipeline"	"Our U.S. categories are getting healthier as pricing takes hold and the economy recovers."  "In fact pricing has probably gone better than we expected and we're continuing to build all-outlet market share."  "We do have obviously a pricing plan for next year. I would say it's not at the same rate as it has been in fiscal 2012, but we also have some carryover from fiscal 2012 so there's pricing we took in the second half of fiscal 2012 that obviously will continue to impact FY 2013. We also have some additional pricing actions that haven't been announced this year that will impact fiscal 2013."
Coca-Cola	<p>"As we look ahead to this summer, both in Europe, as well as across the world, we are very excited about the unique opportunity to grow the value of our brands even further through our investments in the 2012 London Summer Olympic games. For context, during the 2008 Beijing Summer Olympics, we activated 36 markets across the globe. For this year's Summer Olympics, we plan to activate almost 100 markets, leveraging content, experiences and conversations generated through our global program. This fully integrated 2012 Global Olympic Marketing Program will be all about recruiting teams by tapping into emotional passion points, like sports and music. An early success of this program is the over 160,000 YouTube views of Mark Ronson's behind the scenes footage as he developed our new Olympics theme song. These views were generated without any active promotions on our part, and, once again, are a clear example of how we are successfully engaging consumers with innovative, compelling and shareable social media content."</p> <p>"If you look at our marketing spend and if you look at how we're controlling all OpEx in the right way, and then spending on our brands, and you'll see that some of those numbers in the first quarter, too, coming to life. And that's basically how we've always managed this business, investing in our brands, investing for the long term, ensuring that we – our brands remain healthy and get healthier all the time, which they are."</p> <p>"As far as the investments are concerned, \$4 billion, that I would say probably it's fair – you could allocate about 50% into infrastructure and 50% into the brand-building area. That's probably a good split and if you looked at the past three years, that's probably where it ended up."</p>			"we see importantly, a rational pricing environment in North America. The 3% price/mix gain is very important. And I think those things should really give indication of health of the business as we move into the second and third quarters."

Company	Comments Advertising	Comments on Promotions	Comments on Product Launches	Comments on Pricing
Colgate Palmolive	<p>"Our worldwide focus on increasing advertising is resulting in excellent sales and volume growth, and our market shares are healthy and increasing around the world."</p> <p>"we can continue to take what are healthy levels of advertising spending and continue to increase them and deliver the bottom-line progress that we reaffirmed in the release this morning."</p> <p>"Emerging markets, you're right; we made investments and continue to make investments, but we made substantial investments in those emerging markets many, many years ago, and continue to make them as we continue to grow the way we do."</p> <p>"we as marketers need to broaden our thinking to include all ways of touching the consumer. So we think about it as direct-to-consumer, which means engaging the consumer before they are buying our brand, and of course we do this in a variety of ways – the traditional television, radio, print, media. And remember, with over half of our business in the emerging markets, television penetration and its strength as a mass medium is still absolute.....But in some of the developed markets, we find ourselves better able to engage with consumers, depending on our brands, depending on members of targeting audience, using digital, which we experiment with quite broadly, and in some geographies, like the U.S., spend between 13% and 15% of our working media on digital. We also use digital in more, you might say, mundane ways by directly messaging, not to a smartphone, but to a mobile phone in parts of the world where otherwise you wouldn't be able to reach that consumer. And of course we do the many educational programs that you may know us for, like Bright Smiles.... and the work we do with dental and veterinary professionals to convey the clinical strength of our products so they can recommend them with confidence."</p> <p>From CAGNY: "We are continuing to use digital media more broadly and more extensively as we experiment and expand based on that experimentation, we will spend of our total working media in 2012 about 13% now on digital communications. They are targeted, they are very efficient and we are using a broad array of different types of digital media. We have 45 Facebook pages where we engage with consumers on all Colgate brands....And we use a broad array of mobile communications to advertise, to provide information on websites, to send targeted messages, to reach the shopper when they're in store and, even on some of our brands, apps for consumers to use and play with."</p> <p>"We have a single agency that manages our worldwide business. This is a plus, both economically, but more importantly because the people on our business at all of the satellite agencies that WPP have understand our brands, the equities and the consumers, which means that the work has a consistency over time that is important to building brand equity."</p>	<p>"The very heavy promotional activity on the part of some of our competitors seems to have lessened, which bodes well for everyone."</p>	<p>"Our new product launches have met with success, and we have more in the pipeline to continue the momentum."</p> <p>On North America: "Our re-launch of Colgate Total Advanced toothpaste has also met with success, supported by effective in-store activities and two new television commercials...This quarter we are launching Colgate 360° Total Advanced manual toothbrush to offer a regimen alongside our toothpaste. ...This new product will tie in with the number-one Colgate equity and its media support and allow for powerful joint displays in-store."</p> <p>On Europe: "Innovation is key to driving growth and market share in the developed markets, and we're pleased with the breadth of new product activity so far this year, with more to come."</p> <p>On Latam: "In Oral Care, as in Europe, we will be launching Colgate Total Professional Gum Health toothpaste. Two exciting new deodorants are Lady Speed Stick and Speed Stick Naturals and Protect. Under the Palmolive brand name, we will be expanding a line of pomegranate toilet soap, shampoo, and shower gel, which is already being sold very successfully in Brazil."</p> <p>Asia/Africa: "(China) we will be launching both Colgate Sensitive Pro-Relief Enamel Protect toothpaste and Colgate Sensitive Pro-Relief mouthwash this quarter. In addition, we will be rolling out our Slim Soft toothbrush to more countries, and in Thailand, we will launch a Protex for Men line."</p>	<p>"our pricing actions have not suppressed volume or market share."</p> <p>US: "For the second quarter in a row, we had positive pricing, after nine consecutive quarters of negative pricing."</p> <p>"If you think about our pricing for 2012, on the last call we said that about half of our pricing in 2012 was rollover from 2011. In fact, that's now about 63% because forward pricing in Venezuela has now been taken off the table. Of the remaining 37% of pricing we have to take into in 2012, fully 80% of it will be to market by the first half of this year."</p> <p>Europe: "first quarter pricing was still tough, but it is our expectation that we hope to make progress across the balance of the year with pricing in Europe."</p>
Danone	<p>Western Europe is important and investment will continue because it is the core business 1 and "there's a level of sales decrease behind which it becomes extremely challenging on margins."</p> <p>Using new medias in advertising</p>		1	<p>"We obviously expect over the rest of the year 2012 that the equation is going to progressively re-balance and go towards what should be a balanced equation between volume and price/mix over the year 2012"</p> <p>Consumer sentiment in the US better than it was 12-16 months ago</p>

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Disney (2Q)			<p>"..we're looking forward to the June 15 opening of Cars Land."</p> <p>"..we're going be launching apps for subscribers of the Disney Channel in June."</p>	<p>"The results at our domestic parks and resorts confirm that our strategy of restoring pricing to normalized levels continues to pay off. During the quarter, we enjoyed growth in pricing and volume, both at our domestic parks and at our domestic resorts."</p>
Ford			<p>Product launches: "this year leads us towards a stronger second half than the first half"</p> <p>"Three new global products will be launched in South America this year, with the impact positively affecting results primarily in the second half."</p> <p>"European operations will benefit from the launches of the new B-MAX, Transit and Kuga products, in addition to completion of our stock production actions and continued cost reductions. These actions will positively affect results, primarily in the second half."</p>	<p>"We only saw a small deterioration year-on-year in net pricing in the first quarter and we're encouraged by our ability to do that and that is supported by the strong product lineup we have in Europe."</p> <p>"Although net pricing is favourable, we were not able to offset exchange and economic factors to the same degree as we have in the past"</p>
General Mills (3Q)	<p>3Q12: "an 8% increase in advertising investment. We sustained a high level of new product activity across all three of our business segments, and we increased advertising and media investments along with sales." 3Q Media investment in the quarter was up over 30% in International, and that's going to swing quarter to quarter</p> <p>"We are continuing to support all of our brands with strong levels of consumer marketing investment. For the year-to-date, our media spending is up 5% across U.S. Retail, and we've been increasing the gross rating points for our TV ads as well, up 3% year-to-date. We'll finish up the year with another quarter of good brand-building events."</p> <p>"We're bringing news to many different segments of the U.S. yogurt market, and we're supporting these various initiatives with distinctive advertising messages. Our current TV campaigns are generating an 18% increase in gross rating points across our adult core cup lines so far this year, and we'll have lots more yogurt innovation to talk to consumers about this summer."</p> <p>Advertising: "over the last four or five years, we've grown at a rate higher than our rate of sales growth, and we did that because it was clear that we really were behind our peer competitive set, and we just wanted to get that spending level up to the right range. And as we've said a few times now, we believe we're pretty much in that zone now, and as we go forward, we would expect our rate of increase in ad spending to moderate and really to be much more in line with our rate of sales growth."</p>	<p>"We've increased prices through a reduction in promotional spending"</p>	<p>"It's been a very good year for product innovation across our U.S. Retail business"</p>	<p>"strong net price realization across our base business.....net price realization and mix added three points of sales growth."</p> <p>"We've increased prices through a reduction in promotional spending, and we'll work to keep the momentum going with more product news coming this summer."</p> <p>"This is the highest inflation that I've seen in my career at General Mills. And our strong belief, going forward, is that it will moderate – clearly moderate from that. And as we see inflation come down, there's much less pricing come through. We have stability in – more or less, stability in consumer prices, stability in the promotional environment, and we strongly believe, then, that volume will stabilize there – unit volume will stabilize."</p>

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General Motors Co.	<p>"Our marketing organization delivered two major cost and complexity reductions this quarter. In January we consolidated our global media planning and buying services to increase our purchasing power, and in March we reduced the number of advertising agencies that support our Chevrolet brand from 70 down to essentially one."</p>	<p>"Our incentive levels on an absolute basis have decreased \$360 per vehicle from the prior year. On a percentage of ATP basis, our incentives were 10.4%, down 1.3 percentage points from the prior year. This puts us at 109% of industry average levels for the first quarter of 2012. For April our retail market share was 16.2% and our incentives are estimated to have been 10.3% of the average transaction price."</p>	<p>"we have more than 20 major product launches in 2012. The Cadillac ATS and XTS in the North America will be entering segments where we don't compete today, and the ATS represents a serious challenge to the hegemony of the BMW 3 Series in a compact luxury segment. In Europe, we're introducing the Opel Mokka, a small crossover, which will feature two small gasoline engines and diesel engines, equipped with stop-start technology and will be available with state-of-the-art comfort and safety features. A major global launch is the new Chevrolet Colorado, which based – which is based on an all-new midsize truck architecture developed by GM Brazil. Eventually, it will be on sale in 60 markets around the world, including the United States."</p> <p>"We will add an additional 600 dealers in China this year and add one new Cadillac model to our lineup in China each year through 2016."</p> <p>"In South America, our results were essentially flat with the same quarter a year ago, but they are back in the black and we're starting to see the impact of new product introductions. In Brazil for example, we launched the Chevy S-10 pickup and the Cruze hatchback this quarter and we're gaining traction with the Cruze notchback and Cobalt which we launched in the fourth quarter."</p> <p>"We're about 30% to 40% of the portfolio are new products. By the end of the year, we'll be in much better position. So, I think volatility this year but kind of the core underlying performance of the new products is going to put us on a decent glide path by the end of the year."</p>	<p>"Price was favourable \$800 million for the quarter due to the strength of our new product introductions and other pricing actions we have taken."</p> <p>China: "has been some element of pricing pressure at different points in the market"</p>

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Hasbro	<p>"We are aggressively increasing our media spend this year versus 2011 as we shift more dollars toward selling innovative Hasbro product lines to consumers. So far, we're seeing good results." "Our advertising to revenue ratio in the first quarter was up versus 2011. For the full year, we're planning for ad spending to be up and the target for the company's overall advertising and revenue ratio remains in the 10% to 11% range.....We've taken steps to right size the organization and implement a higher level of spending in consumer-facing marketing and advertising." Investment focus in emerging markets, including the expansion of our sales and marketing office in Russia" There was a day many years ago actually and now as we think about it, not that many years ago, that you could sell a new game, "game brand" and you'd have a game SKU, and a TV commercial and you'd be off to the races. And what we've really recognize now is you need a raft of innovations. You need to really think about that brand across multiple platforms and you need to focus on fewer brands and much more intensely and so in doing so...You're going to certainly see an array of new digital marketing elements. Television is still important and you'll see us focus on TV when we believe there is a highest propensity to drive consumer demand around Hasbro's strong brands and innovations....it's a kind of an all mediums approach to marketing."</p>	<p>"It's been about particularly, in first quarter, been a reduction of historical inventories...We're going to follow more of that pattern over the first and second quarter just in terms of matching consumer demand, consumer takeaway...It's advertising when the consumer has a high propensity to buy."</p>	<p>"Marvel has two tremendous films this year, THE AVENGERS / THE AMAZING SPIDER-MAN...we have strong lines for both properties.""We have a number of new initiatives that are first launching now like the Fighter Pods, as well as BOT SHOTS now and then in the second half of the year, whether it's LAZER TAG or a number of other new initiatives that are coming, we feel very good about our plan for Games and our guidance that we have provided. ""We will be launching the line of Zynga-based games and that will be happening in the second half of 2012 as well."</p>	<p>Took some pricing earlier in the year</p>
Heineken	<p>"We have said, in overall terms, we think that marketing and sales will be pretty stable as a percentage of revenue, but in that sense 2012 will resemble more 2011 than what we had in the years before."</p> <p>"The quality of the spend is getting much better based on the fact that we centralize more, so you have a lot of production cost or things which consumer don't see that is what we – the part that is getting lower so the increases get better seen by consumers. So the consumer facing investments are really going up."</p> <p>"We are building on the brand growth momentum of 2011 through continuing to affectively leverage the 'Open Your World' campaign globally and sponsorship properties such as the UEFA Champions League. The brand continues to command a leading position across social media having reached over 6 million fans in Facebook and over 25 million viewers on YouTube by middle of April 2012."</p> <p>"We announced that we would be introducing a new global marketing campaign to support the launch of Skyfall, the next James Bond film, with which the Heineken brand will be associated."</p> <p>"We're not scaling down our marketing cost in Europe."</p>		<p>"We've said whatever happens in Europe, Europe is a big consumer market. Europe is a market with, even with the recession, the purchasing power in Europe is big. So we are investing in Europe, in new propositions, we roll out new propositions, we are active in innovation."</p>	<p>"we see very good view pricing in countries like Mexico, Nigeria and to a lesser extent the UK."</p> <p>"the consumer in Central and Eastern Europe, you see that they are very price conscious"</p>
Henkel				<p>"at the beginning of this year, this quarter is much more price level driven. So, this is a quite balanced volume to price level ratio, which we expect to come about at the course of the year. Growth of price level rises is an enhancement expected in the mid-single digit range in the first quarter. It was slightly less lower, in the single-digit range, but for the total year, we'll still expect this"</p>
Hyundai			<p>Launch of high end motors in the US</p>	<p>There is some value pricing</p>

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Kellogg	<p>"We have replanned our investment in Europe because we weren't seeing the returns we wanted in Q1. In addition, Europe invests a significant percentage of sales in brand building. And although we've decreased this level for 2012, we're still investing more in the region than the company average on a percent of sales basis. For the total company we still expect to increase brand building at a rate equal to or greater than sales growth for the full year."</p> <p>"As I look at the UK, most of our issues in the UK come down to two core brands, Special K and Crunchy Nut. On both of those brands, we have new campaigns coming out in the middle of the year and new innovation on both brands as well. So I believe we are taking the right steps to improve the performance in the UK. I believe that's in our control to do that."</p> <p>"The opportunity on the continent is really around Special K again and we have a very exciting program in the back half of the year on that particular brand. So I feel good that we're making the right decisions in Europe and making progress."</p> <p>"We've been disappointed on the return on the investment of our European brand building, so we have pulled back a little bit here in the first half because we didn't feel like the programs were strong enough. The back half program is still largely intact and we have some exciting ideas to put that money behind. The key to us driving our European business in the future is to ramp up the rate of innovation. If I go back to 2010, we only launched about \$40 million of new sales from innovation, 2011 \$60 million. 2012 we have a stretch goal to launch \$100 million of new products from innovation coming here later in the year."</p>		<p>"we do have some great products planned for introduction including All-Bran Golden Crunch, Special K chocolate and strawberry cereals on the continent as well as Crunchy Nut cranberry and almond in cereal and Nutri-Grain breakfast biscuits and Special K Biscuit Moments in snacks in the UK."</p> <p>Asia: "we have more innovation and additional commercial programs planned for the second half that we expect to drive improved sales growth."</p> <p>LatAm: "we have more All-Bran and Special K innovation planned for introduction around mid-year. As a result of this activity, we expect continued strong performance from the region over the balance of the year."</p>	<p>"I think we're seeing a higher level of elasticity to pricing than we expected to see in the U.S. It's higher than we saw in the first quarter of last year. And we're seeing a similar dynamic in the UK. In terms of our business, our business declined in the first period in line with our expectations. But that elasticity has been in the marketplace for longer and at a greater rate over the quarter than we anticipated."</p> <p>Europe: "If we look in the first quarter, our sales are down around 10%. About half of that is due to consumption. Some combination within that half is due to the customer disputes as well as higher than expected elasticity. We expect Q2 sales to be down as the price settles in with consumers."</p>
Kimberly Clark	<p>"If I look at strategic A&amp;P relative to sales, if you go back to 2010, we were at a higher rate than we were in 2011. And if you look at our first quarter numbers, we're coming back up close to those 2010 levels. And so I'd say that's probably the right – the more medium term aspiration is how do we get back on the trend line to have a P&amp;L where we're delivering innovative margin-accretive growth and are able to reinvest in strategic A&amp;P to build brands around the world. And so I'd expect to see, as we said on our January call, a faster level of growth in A&amp;P this year than sales growth, and the first quarter was certainly representative of that. But you will have a pretty strong first half spend rate. And then we'll see how things progress in the second half and give you a better look at that in July."</p> <p>"The channel fragmentation issue and the growth of e-commerce, clearly, point of market entry is a key strategic entry point for the category, so we want to own that in every channel. And then obviously, the subscription services for moms that are on diapers.com and Amazon and others, you absolutely want to be a part of that. That's from a marketing standpoint a key strategy is to make sure you have the consumer signed up and make it just an easy choice for her to want to buy your brand. So we're making sure we're focused on that and getting at least our fair share of consumers in that space. We're putting more resources against e-commerce, both with our pure play e-commerce customers as well as with our bricks-and-mortar retailers that also have e-commerce activities to make sure we're getting our fair share of that growing channel."</p>	<p>"In Europe what we're seeing right now is it's a very competitive market. Tesco has had some challenges in their home market in the UK. They're wanting to promote and drive foot traffic heavily. That's part of what helped our business on the diaper side, in particular, in the first quarter. Tissue was a little soft in Europe. We were trying to take a little price increase and the category wasn't moving, so we lost a little bit of momentum on Andrex in the first quarter, but are looking to get that back."</p> <p>"Southern Europe, particularly Italy, you've got retailers advertising private label pricing right now and really talking about the economic crisis and how consumers have to be cautious. So there's a lot more promotion spending in the marketplace and that's showing up in some of the negative price. We're getting some positive volume lift from that, which is good, but it comes at a cost."</p>	<p>"In China in particular was more we're expanding into new categories and new markets, and Latin America was probably more share growth."</p> <p>"In fem care, P&amp;G has got a major relaunch coming in the U.S. In diapers, they've got a relaunch coming midyear, and they've got a big Olympic program in the third quarter. They're going to drive that globally. So yes, there's plenty of stuff to react to."</p> <p>"Snacks continue to be an area of opportunity for us and we have strong innovation coming out the back half of the year."</p> <p>"We're still tracking to \$900 million of launches this year."</p>	<p>"Organic sales rose 6%, driven by higher net selling prices of 3%, increased sales volumes of 2%, and favourable mix of 1%."</p> <p>"I think that taking pricing in Continental Europe is probably the most difficult part of the world to take pricing in. In a commodity inflationary environment, we need to take that pricing to protect the long-term economics in our business and that can lead to very difficult discussions, a loss of promotional activity, and it's the nature of the business. It's hard to predict when or how long those things will occur. It happened to us here in the first quarter of this year."</p>

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Kraft Foods	<p>"Our sharpened focus on power brands, successful new product innovation and advertising investments have all continued to pay off. This has enabled us to implement the necessary pricing and still deliver positive volume mix gains and solid market shares."</p> <p>Europe: "Pricing and productivity gains offset the impact of higher input costs and a double-digit increase in advertising and consumer spending."</p> <p>Emerging market: "If you look at, our A&amp;C we said was up double digits. "</p>			<p>"Our renewed pricing power has allowed us to offset historically high input costs.....pricing was a key driver of top line growth, representing 5.8 percentage points of the total. Although we did take pricing in several categories notably biscuits, snack nuts and ready-to-drink beverages, most of the pricing reflected the carryover impact of actions we took last year."</p> <p>"the pricing elasticity have been in line, if not slightly better, with – than what we had expected."</p>
L'Oreal	"We confirm our intention to keep our A&P investment in percentage flat plus or minus 10% – 10 basis points."			
LVMH	"It's important to be involved on the Internet and on the various channels on the Internet. We are growing this segment pretty fast both as a selling tool and as a marketing tool, which is both dimensions are extremely important when it comes to online business."			<p>"So on price increases in Cognac and Champagne, I will not be too specific for competitive reasons, but what we implemented as always in the first part of the year are a 3% to 4% type of price increases across the board. What I mean by that is that it was implemented not only in Europe, in the same way in the U.S. and in Asia. One exception to that, which is Moët et Chandon in the U.S. where we increased prices for Moët Imperial by about 15% as we thought that the positioning of the brand in the U.S. justifies such a big price increase."</p> <p>Pricing at LV in Q1: "We've seen normal price increases mostly in Europe. We have not taken any action anywhere else. So it's in Europe, 2.5% to 3%, and that's all."</p>

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McDonald's	<p>"We also remain committed to... broadening accessibility to Brand McDonald's....We are confident that the investments being made today will build customer loyalty, drive returns, and enhance shareholder value over the long-term. We're...seizing the opportunity to modernize our brand..."</p> <p>"....We just have to change some of our marketing emphasis, i.e., in Germany, relative to the Value platform. France already had Petit Plaisirs. However, it does end up being a marketing GRP visibility and awareness play more so than anything else, because we've got the tools in the arsenal already, which is good. We can just lever them up.... There are some new things we will put in place. But the biggest part is just how we shift our marketing to enhance the value messaging and awareness."</p>	<p>"In first quarter, we invested in local value promotions to drive sales"</p> <p>Europe: "Our business has held strong, despite the impact of the environment and what it's having on consumer's purchasing power....From entry level to core and premium products, we have to provide value to ensure we remain relevant in this environment. Europe has led the way with limited-time offers that we call Promotional Food Events."</p> <p>APMEA: "We're also seeing challenging economic conditions, with slow growth in China and ongoing tightening in Australia. We're managing through the environment with a focus on compelling menu offerings, strong value and convenience. Australia's focus on branded affordability, particularly the Value Lunch Program, has been key to its solid gains in this quarter. In March, we launched the Loose Change Menu."</p> <p>"We made the value offerings more prominent in the restaurant and that definitely helped us secure, what I will call, those customers who had decreased discretionary dollars and they continue to come into McDonald's."</p>	<p>"In January, the U.S. launched Chicken McBites, a bite-sized chicken offering.... And in the weeks ahead, we'll be enhancing our McCafé blended ice line-up with the new Cherry Berry Chiller."</p> <p>APMEA: "We also had some new food news in the market, with the introduction of our new Spicy Chicken McBites, Smoothies and Frappés. Australia is the first market in APMEA to launch these blended ice drinks and as we've seen elsewhere, these products are a hit, selling above our expectations."</p>	<p>On Europe: "Europe's grocery bill was up about 5% in the quarter. We expect a little less of an increase in second quarter, with the full year increase still projected at 2.5% to 3.5%. Though Europe is facing less overall commodity inflation compared to the U.S., the impact of austerity measures is weighing on both our top and bottom-lines. Across Europe, the average price increase for the trailing 12 months, excluding Russia, is about 2% to 3%. We do not currently have as much pricing power in Europe and in key markets, such as France and Germany, where we are evolving our value offerings and messaging to address growing consumer needs....And in those markets...as last year's increases roll-off, and we'll probably be able to take a little bit less this year."</p> <p>France: "I think they're going through some serious consumer confidence issues and we're also seeing a lessened discretionary spending. There's some concerns in the marketplace relative to austerity measures. Having said that, we continue to perform and continue to grow market share and that's the point."</p> <p>On US: "Combined with last year's price increases, the U.S. business is running about a 3% price increase versus a year ago." .</p> <p>On China: "China we did a price increase of five percentile. And we know that that is going to help us relative to moving forward to be able to help us with margin and also help us face some of the commodity-based pressures that we see there."</p>
Microsoft (3Q)			<p>"With major releases in each of our server product offerings we continue to strengthen our enterprise portfolio and empower businesses to be both more agile and efficient."</p> <p>"We are working to bring Windows Phone to more people. Our progress can be seen with the April launch of 4G LTE phones through AT&amp;T, our launch in China with multiple OEMs and the enabling of sub \$200 phones with more silicon support. "</p>	

Company	Comments Advertising	Comments on Promotions	Comments on Product Launches	Comments on Pricing
Nestle	<p>"We will be investing in our brands and innovation and will be focused on realizing the growth opportunities that we know exist in developed markets. On the other hand, the emerging markets continue to be dynamic, and we are very focused on driving distribution in those markets."</p>	<p>"In terms of the mix between pricing information and marketing and so on, I cited the one example in Frozen of going from five for \$10 to four for \$10, but it's up to the individual guys running the individual businesses in the States, how they want to play that. We're not going to micromanage that from here. But, clearly, if there is an easing in raw material pressure, that provides an opportunity for them to look at how they're going to market."</p> <p>U.S.premium ice cream segment: "it has always been sold very heavily on promotion. And we have changed our strategy into -- our promotional strategy -- to make it less promotion-led. And that has had a positive impact on pricing, which is quite dramatic. And I think you'll see that's true across the industry."</p> <p>"The Frozen category remains in decline in the first quarter. Entrees are down mid-single digit, single-serve a little less and handheld up slightly. Our performance broadly reflects these market trends. The Pizza segment is also down. The restaurant carryout delivery segment is running very high levels of price promotions and media spend."</p>	<p>"We have some interesting stuff coming through in a number of categories. Some of it is already out there. I mentioned PetCare. I mentioned some of the stuff we've done in Pizza as well. Also in Coffee-Mate with our Natural Bliss. So I'm hopeful that there is some innovation that will bring some dynamism to the market -- for us, at least -- in the second half of the year."</p>	<p>"Organic growth was 7.2%. The major contributor, as you would expect following the 2011 evolution, was pricing at 4.4%."</p> <p>"Pricing was strong in both North America, where it has impacted RIG, and in Latin America, where RIG has proved more resilient"</p> <p>Europe: "there is more weighted to price in 2012. In Western Europe where the economic environment is poor and the consumer sentiment is weak, we continue to see growth in most markets."</p>
Novartis	<p>"What you need to think about in terms of Consumer Health this year as a rebuilding year, obviously, as we get through the back half of the year, we're going to return to market, we're going to have marketing programs on those brands that are promoted in the back half of the year, but I wouldn't be counting on growth in that OTC business until the beginning of next year."</p> <p>On Consumer brands market share loss: "You can imagine that our marketing people in the U.S. have been working very hard on developing re-launch plans for each of the brands which will include a return to market from a consumer standpoint that will get their loyalty and their trust back."</p>		<p>"underlying growth of new launches is fully offsetting the impact of the patent expirations."</p> <p>"You will recall that we ended 2011 with six blockbuster products -- those are products with more than \$1 billion in sales. And when we look at consensus we see that analysts are projecting that we will end 2012 with seven such blockbusters when we actually believe we can deliver nine or more."</p> <p>"We did have some slowdown in growth in some of our big markets, such as U.S. and Germany....ex-U.S. now represents more than 37% of the business. And we're just now starting to launch in France, Spain, UK, Italy, Belgium and other markets."</p>	<p>"Regarding pricing and healthcare reform, you are correct that during the quarter we were able to take price increases in the U.S. market, which largely offset price decreases that we saw mostly in Europe. In Japan, there was no price change during the quarter -- or at least a very tiny one because the real pricing effect starts now at this time of the year. So we continue to face pricing headwinds and it will become more apparent as the year goes on."</p>

**Company**  
P&G (3Q)

**Comments Advertising**

"In addition to product innovation, we just kicked off the strongest global commercial innovation program in company history. Last week we started the worldwide retail activation of our Olympics sponsorship. Retailers around the globe are partnering with us to make this our largest multi-brand commercial innovation. Our online marketing program launched two weeks ago and last week we kicked off the global 'Thanks, Mom' campaign that will build with significant online on-air and in-store events through Mother's Day. Our Olympics program includes more than 30 P&G brands and 150 athletes around the world. In the U.S. alone we expect to generate over 5 billion consumer impressions and generate returns on our marketing investments at least twice as high as our normal merchandising programs. Over the course of the campaign, we expect our global Olympics commercial innovation to generate up to \$500 million in incremental sales across both developed and developing mark."

"At CAGNY we outlined a five-year plan to save up to \$10 billion from a projected cost pool of around \$85 billion in fiscal year 2016. We discuss opportunities in nearly every element of cost from materials and manufacturing to marketing to overheads and we are moving forward on each of these. Some have questioned why we would cut our marketing investments. We're not. We'll grow it significantly, just slightly below the rate of sales growth and many of the savings will be in non-advertising marketing costs."

**CAGNY:**

"With each new expansion, we develop more scale in developing markets. Scale allows us to purchase media more efficiently, use our distributors more effectively and leverage the P&G portfolio with customers and consumers."

"Of this \$10 billion opportunity about \$8 billion or 80% will come from overt cost reduction and \$2 billion will come from leveraging fixed costs as we grow.....about \$1 billion from marketing efficiencies.....we're not looking to make dramatic cuts in the support of our brands. Marketing costs are our third biggest spend pool behind people and materials. These include both reported advertising spending and other marketing costs such as sampling programs, all of which are in SG&A. As you can see from this chart, we've been investing at a very high level over the past two years and we expect fiscal 2012 to be roughly on par with fiscal 2011. We want to increase reach, increase frequency and increase the effectiveness of our advertising impressions with consumers. Even delivering a modest level of efficiency each year can amount to nearly \$1 billion in savings versus simply letting these costs grow at the same rate of sales. We are very confident that we can do this while still building the number and quality of consumer impression each year. We're using technology to shift our spending from more traditional advertising on television to digital and mobile advertising. We're using technology to more effectively and efficiently target consumers allowing."

**Comments on Promotions**

"There are a few additional category country combinations where we've lost market share due to increased competitive promotional activity. In U.S. Oral Care we are facing an unprecedented level of promotional spending. Private channel reports for our primary competitor shows 67% of their volume moving on promotion, an increase of 16% versus prior-year levels. The depth of promotional discount was 34% off everyday shelf price, a 43% increase in depth of discount versus prior-year."

**Comments on Product Launches**

"We've been outpaced in North America as you've seen in recent market share reports. We're prioritizing innovation in this market with items like Tide Pods, Always and Tampax Radiant, Crest Pro-Health Clinical, Pantene Ice Shine, Downy Unstoppables, Bounty Trap & Lock, Febreze car air fresheners and Gillette ProGlide Styler. Also the targeted price adjustments I just described, four of the six are in North America. We're committed to a healthy business in North America and we'll take the necessary steps to deliver this."

"We see a growing number of new product launches for example, on the part of many of our competitors. We do need to respond to those launches, and so that does temporarily increase the cost of doing business, but long-term, innovation is good for markets, it's healthy for markets and particularly some of the innovation at the premium end that we're seeing."

**Comments on Pricing**

"We recently began announcing our plans to our retail customers to restore relative consumer value in these three categories and protect our market share position. We expect corrective list price reductions and promotional increases to be limited to just a few category-country combinations. We do not currently expect a broad-scale reversal of the price increases we implemented over the past five quarters or those we're implementing right now."

"We will have put \$3.5 billion of pricing into the market this year. The rollbacks and promotion increases that I referred to earlier are about – are between \$100 million and \$200 million of that \$3.5 billion so it is additional investment back in the business that otherwise could've come to the bottom line. But it's not significant in the grand scheme of things. The more significant thing is the \$3.5 billion in pricing and I think relative to the cost of doing business there are two dynamics that are occurring, maybe three. The first is again, generally, prices are going up which is a positive thing and that's true across our competitive set, that's true across markets."

Company	Comments Advertising	Comments on Promotions	Comments on Product Launches	Comments on Pricing
Pepsi	<p>"On brand building, when we met with you February 9 we said we would do three things: first increase our investment in advertising and marketing, from 5.2% to 5.7% of revenue this year; shift more of our spending from non-working to working dollars; and focus our A&amp;M investments against our 12 global mega brands to drive greater scale and impact with our spending and I'm pleased to report that we made good progress on all these initiatives."</p> <p>"We significantly stepped up our media in key markets in Q1. For example, in the U.S. alone our media spending was up 25% and for the full year we expect to achieve our targeted level of incremental investment. We're also being much more productive with our so called non-working dollars which is an incremental source of funding for stepped up media investment. One of the major drivers of this productivity is the rationalization of our agency partner relationships where in North American Beverages, for example, we reduced the number of partners from roughly 150 in 2011 to about 50 today and this rationalization is also driving better alignment in our brand messaging and marketing execution."</p> <p>"We expect A&amp;M as percent of sales to increase by approximately 50 basis points on a full-year basis. We began to put more media in the market in quarter 1 but the impact of the A&amp;M expense in the P&amp;L will be more pronounced in the back half based how the accounting curve of the expense works."</p> <p>"The media that we've significantly increased in the first quarter, if you watch much TV I'm sure you have seen lots of Pepsi ads out there."</p>		<p>"Our goal is to double the contribution of our new products to our total net revenue and our Q1 results in this regard are encouraging. Our innovation is targeted on specific channel, cohort and occasion opportunities with a particular focus on emphasizing our mega brands."</p> <p>"you should expect to see the pace of innovation accelerate as we move through the year with great new products across the full spectrum of our portfolio in both snacks and beverages globally."</p>	<p>"We're accelerating our premium innovation to drive higher net price realization."</p> <p>US: "What we have seen in the pricing environment is all of the players in the industry being very steady about pricing, haven't seen a whole lot of discounting."</p>
Pernod Ricard (3Q)	<p>"On A&amp;P, what we have said, and we confirm it today, is that as of end of June we expect the ratio A&amp;P to be somewhere between stability and modest increase, whereas we had some decrease in the first half."</p> <p>"our A&amp;P to net sales ratio in the last two to three years following the crisis has increased.....This year, we plan to have a kind of stabilization of the ratio. It can be stable or modest increase but clearly not the increases that we had seen in the past. So which means a high-single-digit growth in A&amp;P, which we believe is sufficient to be able to keep posting the kind of top line growth that we have. The innovation is part of the A&amp;P. I think we just say that we put more focus on innovation. It doesn't mean that it increases the level of A&amp;P as a whole. It's a matter of focus. We invest more also on digital today than we used to do before, but we maybe also invest a bit less in some classical media. So it's – I would say it's more additional focus and the channel mix than really an increase of the ratio."</p> <p>"events and sponsorships, that's obviously a key way to promote our brands and very quickly. We have renewed our international contract for Mumm as the Official Champagne of the Formula One Championship."</p>	<p>"In terms of vodka and in the U.S., I think we have not seen a lot of change there....there is still a significant promotion intensity on many brands."</p>	<p>"We are launching new SKUs in the portfolio in the U.S. next year, and there are other new innovations that I cannot comment today, which are going to come more so in the U.S. So we have many initiatives in the pipeline."</p>	<p>"On vodka, and particularly for us on Absolut, it's today premature to consider price increases."</p>
Pfizer				<p>"While I'm pleased with this quarter's performance in emerging markets, as we have said before, we still expect there will be some volatility from quarter-to-quarter due to ongoing pricing and macroeconomic issues."</p> <p>"There's three large trends going on in emerging markets - Now against that and specifically to your pricing question, we do expect there'll be price pressure in the future on a continual basis."</p>

Company	Comments Advertising	Comments on Promotions	Comments on Product Launches	Comments on Pricing
Philips	"So to make Philips a profitable growth company, we reduce overhead cost while investing more in the core customer value chain, especially in innovation and customer-facing resources, and that drives higher value creation for Philips."	"The display market is under a lot of pressure. This is, for example, as backlight in TV. Here is where there's a lot of price competition and we have lost a customer."		<p>"The decline in Philips Lighting profitability below the mid-term target range of 8% to 10% is largely due to operational issues in Consumer Luminaires and Lumileds, delays in price increases and obsolescence due a broken end-to-end value chain."</p> <p>Lighting : "Raw materials, we have tried very hard to bring that into the pricing. I think, generally speaking, we have succeeded although in the consumer space, the Consumer Lamps area turned out to be quite hard; especially in the area of CFLI, we saw that private label brands in the large retail stores were putting a hold to further price increases."</p>
Reckitt Benckiser	"Brand equity is a long-term process. And what we are doing is the right thing for our brand equity. And I do believe that our investment program for the year gives us the opportunity to drive this growth. So, I mean, I don't say that I can judge it whether there's going to be an impact, this quarter or even the next. I do believe that it's the right thing to do for this business."			<p>"All I would say is that on a aggregated basis for the company as a whole, volume still continues to be strong with plus 3% price mix being one which is not very different from what we had for the year as a whole last year."</p> <p>"it's the first and foremost whether the consumer environment allows us to actually become more aggressive in pricing in Europe and North America. As I've said that the market is flat to down in these markets and I don't think we should be so aggressive because if we are going to be that aggressive in price it's going to come at the effect of volume."</p>
Renault			<p>"We launched one new model in the first quarter, Pulse in India and six facelifts with Twingo Phase 2 and the Megane Range renewal. The full effects of these launches will be seen as of the second quarter."</p> <p>"Despite a very difficult first quarter, I have two reasons to remain somewhat positive for the remainder of the year. Firstly, our order book in Europe bottomed out at the end of December 2011 and has risen in each of the last three months. It now stands at 1.5 months of sales, giving me visibility through to June. Secondly, the impact of the strong model change and the model launch cycle is now to come, with the introduction of Lodgy this month and Clio 4 and Zoe in September. As for the Megane 2012 model year and the Twizy introduction, we are receiving good feedback from customers. Outside Europe, the production ramp up of the Duster in Columbia, Russia, and then in India will allow us to further increase our presence in those regions. All in all, we will launch nine all new products this year."</p>	<p>"Despite tough market in the last quarter, we increased our prices throughout our range with the roll outs of Twingo, Megane and Scenic 2012 versions."</p> <p>"...definitely our price are not worsening...we are putting a lot of pressure to still be ahead of this price increase and, early in April, we increased again the prices of our products and we were almost alone to do that in Europe."</p>

Company	Comments Advertising	Comments on Promotions	Comments on Product Launches	Comments on Pricing
Toyota (4Q)			"We expect the effect of new model launches in each country, we intend to reach 8.7 million units, up 1.348 million units, by comparison to the fiscal year to March 2012. In Japan, a substantial increase in vehicle sales should be driven by new models such as Aqua. Outside of Japan, we intend to actively promote vehicle sales utilizing our new products as well as our competitive line up of hybrid vehicles and IMVs."	
Unilever	A&P split: "It's usually two-thirds, one-third, 60/40 something like that, and that will continue. You're very right to highlight how we're trying to drive consumer-facing media. That's something that we've been very focused on over the last 12 to 18 months and that will continue so that we can get a bigger bang for our buck."		US: "If you look at hair, where we're launching Dove Style and Care, things are going well. We're launching Clear, so we're driving innovation. We're investing in our Personal Care market"	Pricing: "we remain in that ballpark of around 2% carryover and we're actually very careful about pricing in year this year. If you just think about the consumer and what the consumer can or can't take, they are in bad shape and so we want to be very sensitive on what levers we do or don't pull. So, pricing really is going to be driven by carryover and by definition that will moderate over the quarters to come. In terms of pricing, at this point in time, we're not planning on any important pricing reductions."
Visa (2Q)	<p>"Marketing expenses at \$170 million reflect a heavier weighting to the second half of the year, timed with the global promotion of the London Summer Olympics."</p> <p>"Every four years we have a particularly attractive opportunity to put significant media into two quarters, which is the third and the fourth. And knowing that that was the feature of what we want to emphasize this year, we phased our marketing in the first two quarters in order to accommodate that. We will reset marketing from a bottoms-up standpoint beginning next year, and in October, give you a sense of what that will look like."</p> <p>"There is a considerable amount of promotional activity done with our banking partners, some of which actually started in our second fiscal quarter. It really ramps during the third quarter. And then in the fourth quarter, you have the last of the broadcast media that is fairly intensive around the Olympics themselves. You should also think about the fact that the advertising we do in the third and the fourth quarter supports the programs that many of our financial institutions initiate around the Olympics with Olympic themed cards, and that those initiatives generate more particularly credit card volume, which is the reason that we do this. We have I think almost on a global basis almost three times as many financial institutions participating in promotions this year as we did four years ago."</p> <p>V.me: "we will certainly have some advertising, but the advertising that we will do will be in conjunction with merchants that are coming onto the network and through financial institutions to encourage their customers to enroll. So I guess in that regard, it would be soft. You're not going to see any national TV advertising in the fourth quarter."</p>		<p>"This past quarter, we reached agreements with some of the world's largest mobile network operators and mobile device manufacturers to extend Visa's payment functionality to mobile subscribers. Vodafone, the second largest mobile operator in the world, plans to develop a virtual wallet with a Visa mobile prepaid account preloaded. The wallet will be offered to 390 million Vodafone mobile subscribers in more than 30 countries. This agreement is the largest of its kind between a mobile operator and a global payments network. Orange Telecom has agreed to offer their customers in seven geographies across Africa and the Middle East a Visa prepaid account linked to their mobile phone number."</p> <p>"V.me has become a reality. The closed employee beta program I highlighted during the last quarter's earnings call exceeded our expectations, and we are now applying those learnings as we open up V.me in public beta tests with selected merchants. This week, we are going live in beta with our first e-commerce merchant, Rakuten's Buy.com. This is the first in a series of e-commerce merchants we expect to go live with between now and peak season."</p>	

Company	Comments Advertising	Comments on Promotions	Comments on Product Launches	Comments on Pricing
Volkswagen		<p>"I will start first with the order intake. It is probably mostly concentrated on Western Europe. Undoubtedly, in some of the countries, the crisis is very existing. This is, for example, true in Italy. This is true in Spain. This is true, if you want so, for the total Southern Rim in Europe."</p> <p>"We still have a reasonably good order intake. So, just for a reminder, the market in France and the market in Italy fell down by just about 20% and others like Portugal and Greece more than doubled."</p>	"We will produce the new Golf for the market, mainly after the summer shutdown."	Brazil : "We see new competitors going into the market, obviously, as well that there are more and more, let's say, brands establishing their foothold there. We have achieved in this first quarter, a reasonable good result concerning sales and we had on pricing, a reasonably good result as well. But let's be honest, there is a lot of pressure."

Note: the quotes come from management teams from the transcripts of the latest results commentary (April/May 2012)

Source: Company Reports

## Companies Mentioned

Adidas (ADSGn.DE; €61.26; 1)  
 Apple (AAPL.O; US\$558.22; Not Rated)  
 Beiersdorf (BEIG.DE; €52.83; 3)  
 Carlsberg (CARLb.CO; Dkr484.00; 2)  
 Clorox (CLX.N; US\$69.07; 2)  
 Coca-Cola (CCE.N; US\$28.83; 2)  
 Colgate Palmolive (CL.N; US\$99.01; 2)  
 Danone (DANO.PA; €52.91; 1)  
 Walt Disney (DIS.N; US\$45.17; 2)  
 Ford (F.N; US\$10.32; 1H)  
 General Mills (GIS.N; US\$39.16; 1)  
 General Motors (GM.N; US\$21.63; 1H)  
 Hasbro (HAS.O; US\$35.10; 2)  
 Heineken (HEIN.AS; €41.38; 2)  
 Henkel (HNKG\_p.DE; €55.75; 2)  
 Hyundai (005380.KS; W250,500; 1)  
 Kellogg (K.N; US\$50.96; 1)  
 Kimberly Clark (KMB.N; US\$79.53; 2)  
 Kraft Foods (KFT.N; US\$39.04; 1)



LVMH (LVMH.PA; €122.60; 1)  
McDonalds (MCD.N; US\$90.88; 2)  
Microsoft (MSFT.O; US\$30.68; 1)  
Nestle (NESN.VX; SFr54.85; 2)  
Novartis (NOVN.VX; SFr49.24; 2)  
P&G (PG.N; US\$63.58; 1)  
Pepsi (PEP.N; US\$67.15; 2)  
Pernod Ricard (PERP.PA; €78.77; 1)  
Pfizer (PFE.N; US\$22.58; 2)  
Philips (PHG.AS; €14.69; 3)  
Reckitt Benckiser (RB.L; £34.27; 1)  
Renault (RENA.PA; €31.81; 1)  
Toyota (7203.T; ¥3,165; 2)  
Unilever (ULVR.L; £20.81; 2)  
Visa (V.N; US\$116.72; 2)  
Aegis (AEGS.L; £1.65; 1)  
Havas (EURC.PA; €4.08; 1)  
WPP (WPP.L; £8.05; 2)  
Publicis (PUBP.PA; €37.82; 2)  
Omnicom (OMC.N; US\$50.45; 1)  
IPG (IPG.N; US\$11.39; 2)  
Sapient (SAPE.O; US\$10.62; 1)  
Viacom (VIAB.O; US\$47.73; 1)  
Time Warner Inc (TWX.N; US\$35.57; 1)  
Mediaset Espana (TL5.MC; €3.53; 3)  
Mediaset (MS.MI; €1.46; 3)  
ITV (ITV.L; £0.83; 1)  
ProSieben (PSMG\_p.DE; €18.29; 1)  
DMGT (DMGOa.L; £4.12; 1)  
(JNJ.N; US\$63.96; 1)  
(ULVR.L; £20.81; 2)  
(VOWG.DE; €124.70; 2)  
(JCDX.PA; €19.07; 2)



# Appendix A-1

## Analyst Certification

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