

Procter & Gamble: Where Should the Next Consumer Dollar Go?

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The decision

On September 4, a hypothetical P&G strategy committee is preparing priorities for fiscal 2027. Its assignment is to decide where incremental consumer-facing attention should go: product and packaging innovation, accessible price-pack choices, brand communication, or retailer-specific execution. The committee must also decide what evidence should unlock further investment.

This is a constructed decision for classroom discussion. Public evidence does not show that P&G convened this committee, set aside an incremental FY2027 pool, or assigned a brand-level budget. Students should recommend priorities and decision gates, not calculate undisclosed brand returns.

A year of mixed signals

P&G closed FY2026 with \$87.0 billion in net sales, up 3%. Foreign exchange contributed 2 percentage points and pricing 1 point; volume and mix were flat. Organic sales increased 1%, driven by pricing. Net earnings were \$16.1 billion; core earnings per share were \$6.89, up 1%.

The final quarter looked weaker than the full year. Q4 net sales grew 2% to \$21.2 billion, but organic sales were flat, with volume, price, and mix each neutral. Core operating margin declined 130 basis points. The annual result could reflect pricing and currency more than improving unit demand, while the quarter could reflect category, timing, geography, or competitive pressures. The public data do not determine which explanation matters most.

Results also varied across P&G's five reported segments. Beauty had the strongest FY26 net-sales growth and positive volume; Grooming and Health Care grew sales while reporting lower volume. Fabric & Home Care and Baby, Feminine & Family Care had lower or flat volume. Net earnings declined in each segment. Broad segment results do not identify the profitability or return of an individual brand, market, or proposed investment.

Market-share measures told a similarly mixed story. P&G reported FY26 global segment-share declines in Beauty, Grooming, and Baby/Feminine/Family; Health Care gained and Fabric & Home Care was unchanged. Separate category examples ranged from gains in Baby Care and personal health care to declines in Feminine Care and North American Family Care. The annual report also described selected market and brand examples of successful execution. Those examples were company-reported cases without public control groups, comparable investment levels, margins, or counterfactuals.

The levers-and the limits of the evidence

P&G describes consumer superiority through product performance, packaging, brand communication, retail execution, and value. Its 2026 annual report groups its execution agenda around consumer focus, transformed brand building, holistic retailer partnerships, and stronger core and bigger innovation. These frame a set of possible actions; they do not establish which lever has the highest FY27 return.

The committee sees three plausible approaches:

1. **Concentrate on differentiated superiority.** Prioritize product and packaging improvements plus brand support where consumer needs, innovation evidence, or share opportunities appear strongest. The risk is funding launches or communication without enough evidence of repeat purchase, incremental contribution, or a viable price point.
2. **Rebuild accessible value.** Emphasize price-pack architecture and value communication where household budgets or private-label alternatives may constrain choice. Protect product performance while testing entry points, pack sizes, and promotion. The risk is that lower price or deeper promotion shifts purchases across packs, pulls demand forward, or weakens value realization without building durable demand.
3. **Make retailer execution the first constraint.** Focus on retailer-specific plans, availability, shelf and e-commerce execution, and more precise communication. Release further funds only after availability and consumer-response measures improve. The risk is fragmented brand execution or over-attributing retailer outcomes to P&G actions.

These paths can be combined or sequenced. The public record does not identify the best category-market-brand combinations, incremental cost, switching cost, or internal capacity. P&G's FY27 outlook is for 1%-3% organic and all-in sales growth, but guidance is a forecast, not an investment authorization. The annual report's China diaper, Pantene Germany, Tide, and Mexico retailer-planning examples offer hypotheses to investigate, not effects to transfer to other brands.

External research reinforces the need to test locally. A broad consumer-packaged-goods study finds that price, assortment, and distribution responses vary over time and across brands. A launch study finds a positive association when quantitative and qualitative research methods are used together, but its design does not establish that the same process will raise P&G returns. Research on private-label entry finds heterogeneous outcomes by category and brand tier. Pack-choice research shows that a price change can alter quantity purchased without much brand switching. None of these studies estimates P&G's FY27 return.

Can productivity fund the choice?

Management has emphasized productivity and portfolio changes, but the committee cannot treat restructuring as a ready-made consumer budget. The July 2026 results release estimated \$1.0-\$1.6 billion of pre-tax non-core restructuring costs over two years. P&G's FY26 Form 10-K estimated approximately \$1.5-\$2.0 billion, including the plan and ongoing plan. The public filings do not reconcile the scope difference. Neither range is a savings estimate.

The 10-K reports \$1.230 billion in FY26 pre-tax restructuring charges, \$1.084 billion paid or settled, and a \$336 million reserve at year end. It also says ongoing costs historically ran \$250-\$500 million annually, and that savings are difficult to estimate because of activity, timing, and reinvestment. Up to 7,000 non-manufacturing position reductions are planned by FY27 end. These charges, cash payments, reserves, role reductions, productivity savings, and possible reinvestment are distinct. The marketing and promotion accrual of \$4.141 billion is a

liability balance, not a measure of annual spend or funds available.

FY27 guidance also anticipates raw-material, energy, and transportation headwinds, capex of 4.5%-5.5% of sales, adjusted free-cash-flow productivity of 85%-90%, dividends around \$10 billion, and repurchases around \$5 billion. These forecasts provide context for resource discipline; they do not disclose an incremental consumer-facing pool.

Choosing what to learn

The committee can ask management for evidence more granular than public reporting: category growth versus P&G share; units versus price and mix; household acquisition, repeat, and pack switching; retailer and SKU availability; innovation trial, repeat, and cannibalization; and contribution after production, trade, and media costs. It can also ask how proposed productivity savings would translate-if at all-into cash that is available after implementation costs and service risks.

But measures alone are not a decision rule. A useful FY27 plan would specify where to test, what comparison to use, how long to observe, what would count as incremental, and which guardrails could stop or reshape a program. R&D, packaging, manufacturing, media, and retailer planning calendars may constrain how quickly resources move. Those switching costs are a planning assumption, not quantified public evidence.

The committee must now recommend a portfolio and sequence without a disclosed pool or brand-level return data. Which lever should lead? Where should the company preserve options? What proof should be required before scale-up-and what result would cause the committee to stop?

Discussion questions

1. What competing explanations could account for P&G's FY26 growth and Q4 slowdown? What evidence would distinguish them?
2. Which consumer-facing lever or combination should lead in FY27? How would you choose categories and markets without treating segment margins or selected success stories as brand-level returns?
3. How should the committee define "value" across performance, price paid, pack size, availability, and trust?
4. What test design and metrics would establish incremental consumer and economic impact? How would you account for repeat purchase, cannibalization, promotion dependence, retailer execution, and competitor response?
5. What role, if any, should productivity play in funding consumer investment? What additional bridge and safeguards would you require?

Selected exhibits

Exhibit 1. FY2026 results and FY2027 outlook

Measure	Reported or forecast	Interpretation
FY26 net sales	\$87.0bn, +3%	FX +2%; price +1%; volume and mix flat
FY26 organic sales	+1%	Non-GAAP; driven by pricing
FY26 net earnings	\$16.1bn	Company reported
FY26 core EPS	\$6.89, +1%	Non-GAAP
Q4 organic sales	Flat	Volume, price, mix neutral
FY27 organic / all-in sales outlook	+1% to +3%	Management forecast; not spend authorization
FY27 adjusted FCF productivity outlook	85%-90%	Management forecast
FY27 capex outlook	4.5%-5.5% of sales	Management forecast

Exhibit 2. FY2026 segment indicators

Segment	Net-sales growth	Volume	Global segment-share change	Net-earnings change
Beauty	+7%	+4%	−0.3 pts	−2%
Grooming	+4%	−1%	−0.4 pts	−3%
Health Care	+4%	−2%	+0.4 pts	−1%
Fabric & Home Care	+2%	Flat	Flat	−4%
Baby, Feminine & Family Care	+1%	−1%	−0.2 pts	−2%

Issuer-reported rounded measures. Segment-share change is not the same as category share; neither is a causal estimate of an investment's impact.

Exhibit 3. Restructuring and productivity disclosures

Disclosure	Public figure	What it does not establish
July 2026 release, two-year non-core restructuring-cost estimate	\$1.0bn-\$1.6bn pre-tax	Savings, cash available, or FY27 consumer budget
FY26 Form 10-K estimate, including plan and ongoing plan	Approx. \$1.5bn-\$2.0bn pre-tax	Reconciled scope versus release; savings or consumer budget
FY26 pre-tax charges / paid or settled / year-end reserve	\$1.230bn / \$1.084bn / \$336m	Brand-level reinvestment or total plan cash needs
Historical ongoing restructuring costs	\$250m-\$500m annually	Current plan savings
Non-manufacturing role reductions	Up to 7,000 by FY27 end	Consumer outcomes or dollar savings

Source notes

- P&G **FY2026 Form 10-K**, filed August 4, 2026: Item 1; Item 7, printed pp. 18-20 and 23-26; Notes 2-3, pp. 44-49.
- P&G **FY/Q4 2026 results release**, July 29, 2026: FY/Q4 results, FY27 guidance, productivity plan and non-GAAP notes.
- P&G **2026 Annual Report**, CEO letter/intervention examples, printed pp. ii-v (PDF pp. 3-7).
- Gielens & Steenkamp (2026), "An Investigation into the Evolution of Marketing-Mix Effectiveness," *Journal of Marketing* 90(4), Tables 2-9; Allen & McDonald (2025), "Methodological Pluralism and Innovation in Data-Driven Organizations," *Administrative Science Quarterly* 70(2), Tables 2-6; Pauwels & Srinivasan (2004), "Who Benefits from Store Brand Entry?" *Marketing Science* 23(3), pp. 371-388; Allenby et al. (2004), "A Choice Model for Packaged Goods," *Marketing Science* 23(1), Table 6. Study settings and transfer limits are discussed in the research memo.

Cutoff discipline: Only information available by September 4, 2026 is used. FY27 results and subsequent outcomes are excluded.