

We are Skin Care

At Beiersdorf we have been caring about skin for more than 130 years. Throughout our history we have built trust by staying close to our consumers and developing innovative skin care brands that are tailored to their needs. We work as one global team, with one focus: making people feel good in their skin. Everywhere. Every day. As we head into the future, we want to become the number one skin care company in the world.



Note: Paul C. Beiersdorf



The Beiersdorf first pharmacy in Hamburg

Founding history

In the fall of 1880, pharmacist Paul C. Beiersdorf hailing from the Mark of Brandenburg, settled down in Hamburg at the age of 44. In the years prior, he was the Technical Director of a galvanizing plant in Moscow, then co-owner of an apparatus manufacturing company in Berlin, afterwards an owner of a pharmacy in Bärwalde and later in Silesian Grünberg. With the purchase of the pharmacy near the St. Michael's church in Hamburg, he fulfilled his dream of being independent in a large city. The area around the harbour was already densely populated and Beiersdorf hoped for a profitable business. With his knowledge of physics and abilities, he quickly built a laboratory and offered his services to doctors. Working in close cooperation with Prof. Paul Gerson Unna, a leading dermatologist of the time, he developed a process to manufacture medical plasters, and registered his first patent for it.

The date of the patent specification – March 28, 1882 – is considered to be the foundation date of the company. Beiersdorf sold the pharmacy a year later, and moved the laboratory to Altona, which is now part of the city of Hamburg.

The pharmacist Dr. Oscar Troplowitz acquired the laboratory from Paul C. Beiersdorf in 1890 and quickly expanded it into a leading branded goods company. In 1892, he built a new factory in Hamburg-Eimsbüttel, the site of the company's headquarters to this day. The facility manufactured consumer goods brands such as Labello and NIVEA as well as plasters and pharmaceutical products. Troplowitz was a true entrepreneur: he was both customer- and market-oriented and thought in international terms from the outset. At the same time, he took care to ensure the

further development of his products on a sound scientific footing. He continued Paul C. Beiersdorf's cooperation with Prof. Paul Gerson Unna and recruited the chemist Dr. Isaac Lifschütz at Unna's recommendation. Lifschütz was the inventor of the emulsifier Eucerit, the basic ingredient and key to the unique properties of NIVEA Creme.

Troplowitz and Mankiewicz's were driven by innovation, they created branded goods of consistently reliable quality and real benefit to a broad range of consumers. Troplowitz was convinced that this would be a successful concept for the future. He saw great opportunities for cosmetic care products in particular. This work laid the foundations for the Company's strategic orientation today.

Following the deaths of Dr. Oscar Troplowitz and Dr. Mankiewicz in 1918, the company first of all became a private limited liability company and then on June 1, 1922, a public limited company. This was the start of its steady development into an international enterprise and at the same time of its establishment and expansion as a leading manufacturer of branded products.

International development

Beiersdorf had already achieved a certain international name recognition even before the young pharmacist Dr. Oscar Troplowitz purchased Paul C. Beiersdorf's laboratory in 1890. Numerous doctors and pharmacists from around the world became aware of Beiersdorf's products thanks to the scientific works published by Prof. Paul Gerson Unna, who had worked with Beiersdorf ever since the Company was founded. Orders arrived and were dealt with individually by Paul C. Beiersdorf and his eight employees. With Dr. Troplowitz at the head, the company's international orientation is fundamentally changed. He quickly recognized the potential of Beiersdorf brands internationally and systematized business abroad. Troplowitz makes an agreement with the New York company Lehn & Fink for the U.S. according to which P. Beiersdorf & Co. agrees to supply its preparations exclusively to the American trading house. Beiersdorf is required to obtain the registered trademark in the U.S. while Lehn & Fink took over advertising and sales.

In the course of the next 20 years, Troplowitz founded representative offices and affiliates on all continents of the world. These brought Beiersdorf's branded products to international customers. 34 representative offices had been founded by the beginning of the First World War and two affiliates registered in the United Kingdom and Austria. The new cosmetic brands like NIVEA and Labello and the plaster brands, Hansaplast and Leukoplast, were an engine for the international success of the company in the 1920s and 1930s. NIVEA's business especially made outstanding progress in this time. With numerous new product introductions, NIVEA became the most successful Beiersdorf brand. One result of the positive development of the brand on the international market was a large expansion of manufacturing capacity.

In 1930, there were Beiersdorf production plants in 23 countries around the world. A company brochure from 1929 stated that representative offices could be found in "nearly every civilised country of the world". All Beiersdorf products sold on the international market had packaging in the local language, most of which was produced in the printing plant in Hamburg and then shipped around the world. By the beginning of the Second World War, a network of international companies had been created around the world. After the war, almost all of these companies were seized as enemy property and the NIVEA trademarks were sold in the individual countries – a serious blow for Beiersdorf's international business. Along with its efforts to rebuild its business, Beiersdorf tried to recover its trademarks in each individual country concerned. In many cases, this was achieved by reacquiring interests in former subsidiaries. The overview shows when the rights were repurchased in which countries:

1952	Netherlands
1958	Argentina, Switzerland, Brazil
1961	Sweden
1963	Mexico
1966	Finland
1966	Denmark

1968 African Commonwealth countries (except South Africa)
1973 USA
1974 France including former colonies (now Chad, Mali, Cameroon, and The Congo)
1977 Hong Kong, Thailand, Malaysia, Singapore, Gibraltar, Cyprus, Malta, Bermuda, Bahamas, Jamaica, Barbados, and Trinidad and Tobago
1985 Norway
1992 The United Kingdom, Ireland, Canada, South Africa, New Zealand, India, Pakistan, Israel, Australia
1993 Romania
1997 Poland

This process was completed in 1997 with the repurchase of the NIVEA trademarks for Poland. Beiersdorf now owns the NIVEA trademarks throughout the world again. In addition, new markets were established and affiliates founded from the 1950s onwards. As a result, the Company had 74 international affiliates by the end of the 1990s and generated almost 70% of its sales outside Germany.

Today, the number of international affiliates has increased again to over 160. The successful NIVEA, Eucerin, and La Prairie brands are the key to this international success and allow Beiersdorf to be at home throughout the world.

Skin Care is Everything to Beiersdorf

The passion for skin care is what drives Beiersdorf and makes them unique. The brands and skin care products are trusted by consumers – both locally and regionally.

The Brands

The **NIVEA Family Trusted Brand**, loved and always reliable – for more than 100 years, consists of:

NIVEA Creme was launched in 1911 and it revolutionized skin care as the first stable oil-and-water-based cream in the world. Today, although the NIVEA family has grown considerably, it is no less innovative. Read more about the present-day product on the site

NIVEA Face Care meant for your face requiring special care. NIVEA believes in working with your skin's own biology for being your naturally beautiful best. Therefore, the right product for all skin types and all ages is offered.

NIVEA Body; when Beiersdorf introduced its pioneering NIVEA Milk, the first "liquid cream" in 1963, it opened up a brand-new dimension of skin care. Today, there is a comprehensive range of NIVEA body products, from a rich, nourishing body milk to a fast absorbing body lotion, and skin-firming oil to innovative in-shower body moisturizers.

NIVEA Deo; the first deodorants were introduced in 1991 – adding a new dimension into the deodorant world: mildness and care. Today, deodorants from NIVEA cater for different consumer needs across the world, always providing superior deodorant protection with the trusted care from NIVEA.

NIVEA Sun; nowadays sun protection is more important than ever. And here too, all skin types have their own specific needs. NIVEA Sun offers the most caring sun protection for you and your loved ones.

NIVEA Haus, set aside some time to pamper yourself – at a location where you can leave the hustle and bustle of everyday life behind you.



NIVEA MEN, we know what men want; effective and best caring products that work, which is why NIVEA MEN offers everything active men need to feel good in their skin and look well-groomed.

A man in a blue denim shirt is applying NIVEA MEN Creme to his face. He is in a lumberjack competition setting with other participants and a crowd in the background. The background shows a man in a red plaid shirt and another man in a white shirt and suspenders. There are logs and a crowd of people in the background.

**INTRODUCING
NEW NIVEA MEN CREME**

A multi-purpose moisturizing creme crafted especially for men.

- For face, body & hands
- Absorbs quickly
- No greasy feel

Nivea Men in Argentina

Argentina, officially the Argentine Republic, is a federal republic in the southern half of South America. Sharing the bulk of the Southern Cone with its neighbour Chile to the west, the country is also bordered by Bolivia and Paraguay to the north, Brazil to the northeast, Uruguay and the South Atlantic Ocean to the east, and the Drake Passage to the south. With a mainland area of 2,780,400

km², Argentina is the eighth-largest country in the world, the second largest in Latin America, and the largest Spanish-speaking one. The country is subdivided into twenty-three provinces and one autonomous city, Buenos Aires, which is the federal capital of the nation as decided by Congress. The provinces and the capital have their own constitutions, but exist under a federal system. The almost-unparalleled increase in prosperity led to Argentina becoming the seventh wealthiest developed nation in the world by the early 20th century.

After 1930 Argentina descended into political instability and periodic economic crisis that pushed it back into underdevelopment, though it nevertheless remained among the fifteen richest countries until the mid-20th century. Argentina retains its historic status as a middle power in international affairs, and is a prominent regional power in the Southern Cone and Latin America. Argentina has the second largest economy in South America, the third-largest in Latin America and is a member of the G-15 and G-20 major economies. It is also a founding member of the United Nations, World Bank, World Trade Organization, Mercosur, Union of South American Nations, Community of Latin American and Caribbean States and the Organization of Ibero-American States. It is the country with the highest Human Development Index in Latin America with a rating of "very high". Because of its stability, market size and growing high-tech sector, Argentina is classified as a high-income economy.

Argentina claims sovereignty over part of Antarctica, the Falkland Islands and South Georgia and the South Sandwich Islands. The earliest recorded human presence in the area of modern-day Argentina dates back to the Paleolithic period. The country has its roots in Spanish colonization of the region during the 16th century. Argentina rose as the successor state of the Viceroyalty of the Río de la Plata, a Spanish overseas viceroyalty founded in 1776. The declaration and fight for independence was followed by an extended civil war that lasted until 1861, culminating in the country's reorganization as a federation of provinces with Buenos Aires as its capital city. The country thereafter enjoyed relative peace and stability, with massive waves of European immigration radically reshaping its cultural and demographic outlook. The almost-unparalleled increase in prosperity led to Argentina becoming the seventh wealthiest developed nation in the world by the early 20th century.

Lucinde Aime for Nivea Men

Lucinde Aime is a professional marketer who has a long history in working for Beiersdorf in South America, holding marketing roles in Brazil and lately transferred to Argentina. In Brazil their team and she did a good job in building their online and social media platform in response to what l'Oreal achieved very effectively, as one of their major competitors.

Lucinde gets a similar challenge and she feels entirely up to it; repeating her Brazilian success. One of the issues she encounters immediately is the pretty strict position Beiersdorf has about sponsorship. He checks the official standpoint with the following outcome:

Sponsorship Policy - NIVEA

Thank you for thinking of NIVEA as a potential partner.

As you can imagine, we receive many requests for donations and sponsorship proposals. Sponsorship is an important element in our marketing and we have prepared some guidelines to enable you to understand whether your opportunity is right for NIVEA.

Restrictions

We are unable to sponsor:

- Individuals or teams
- Political or religious organisations
- Hazardous sports activities
- Gambling activities
- Activities that may be construed as offensive, racist or otherwise discriminatory
- Activities that create environmental hazards

Mandatories

- The sponsorship environment must offer category exclusivity and be free from competitor brands
- The sponsorship must not pose a risk to the integrity and strength of our brand or company
- Benefits must be commensurate with desired sponsorship investment
- A minimum of 6 months notice prior to the commencement date is required for all major sponsorship proposals

Although Lucinde thinks that the official standpoint is pretty rigid, there are a few exceptions to the rule apparently. Even a pretty strict company like Beiersdorf allowed itself some deviation here. A 2013 press statement reads:

Hamburg/Madrid, "NIVEA MEN, the international number one in men's care and Real Madrid C.F., the most internationally laureate football club, entered into an extensive sponsorship agreement today for the Spanish market. With it the Beiersdorf male skin care brand expands on its successful involvement with international football. With this new agreement the products of the NIVEA MEN series will now support the Spanish prestigious football club. Real Madrid's players won't only be playing a major role in elite football, but also in the communication activities of NIVEA MEN in the future. For the launch campaign, the team will be represented by the Spanish World and European Champions Sergio Ramos and Álvaro Arbeloa, the Brazilian national player Marcelo as well as the Argentinian forward Gonzalo Higuaín".



And one of the other surprises:

Rihanna dropped from Beiersdorf's Nivea campaign

“Pop star Rihanna has been dropped from a multi-million Euro advertising campaign sponsored by Germany-based cosmetics and personal care giant Beiersdorf for its Nivea skin care brand” Another part of the press announcement explained the apparent incompatibility between Rhianna’s image and the image Beiersdorf wanted to support for itself. This part of the press announcement cannot be quoted because of copyright issues.

Taking the above into account Lucinde decides to go all out in her online and social media campaign and is going to change the rules of the game as she did in Brazil and still avoiding any criticism from Beiersdorf top management. She is committed to get as close to the effects of a real sponsorship as she can imagine. Obviously also in online and social media the general marketing communications issues apply and she is aware she cannot completely ignore the challenges in off-line communications.

In collecting some information about the market and market size, Lucinde counts with 40 mln people, men and women being divided roughly equal. About 23 percent live below poverty levels, so she excludes them from her market size estimate. She expects them to spend around 40 dollars a year in the categories were Nivea products are represented.

Note: the case is entirely based on public information, minor alterations are made. The paragraph Lucinde Aime is fictitious, written by R.J. Fetter, Intersumma.

Questions

1.

Both the segment reporting, the balance sheet and major changes in inventories for the Beiersdorf company are included in the attachment

a.
Define the relevant financial ratios, both verbally and in definition form

b.
Calculate them for the two business segments

Changes in inventories will work on a marketers performance

c.
Indicate which aspect of the marketers performance those changes will effect and explain what the impact of the changes will be in this case

2.

A product has a number of levels which define the total proposition

a.
Indicate which levels define the total product

b.
Define those levels and describe them for Nivea Men.

3.

Hofstede worked on a comparison between different cultures based upon a number of characteristics,

a.
Name and explain the different characteristics

b.
Indicate how the outcomes of the Hofstede model work out on buying behaviour, based on the model of Assael.

4.

Lucinde works on an a vast improvement on her combined online and social media presence for Nivea Men

a.
Indicate which steps she should go through to come up with that combined online/social media (operational) plan

b.
Develop a detailed online/social media plan effective in changing the rules of the game with regards to building a bond (much stronger than that of competition) between the heavy users and the target group in general.

c.
If you're asked by Lucinde to advice upon including off-line communication, advice upon the program you would propose.

d.
Which points would you specifically address to Beiersdorf management to get approval, although your plans are going to be a touch challenging when looking at the Beiersdorf standpoint with regard to sponsoring.

5.

Celeb marketing (Celebrity Marketing) can be used to support brand value in general

a.

Name four elements which determine brand value

b.

Indicate how Celeb Marketing can support total brand value

c.

Explain why Beiersdorf behaviour in both Real Madrid and the Rhiannah case might make sense from a marketing (communications) standpoint

d.

Name three disadvantages of Celeb marketing in general sense

6.

Lucinde has developed assumptions about the market size she might expect, including the objectives she has with her market development

a.

Calculate the expected market size in the first year

b.

Develop a sales forecast for the first year for Nivea Men in the first year.

7.

Obviously Lucinde has a CRM system available to support her commercial process

a.

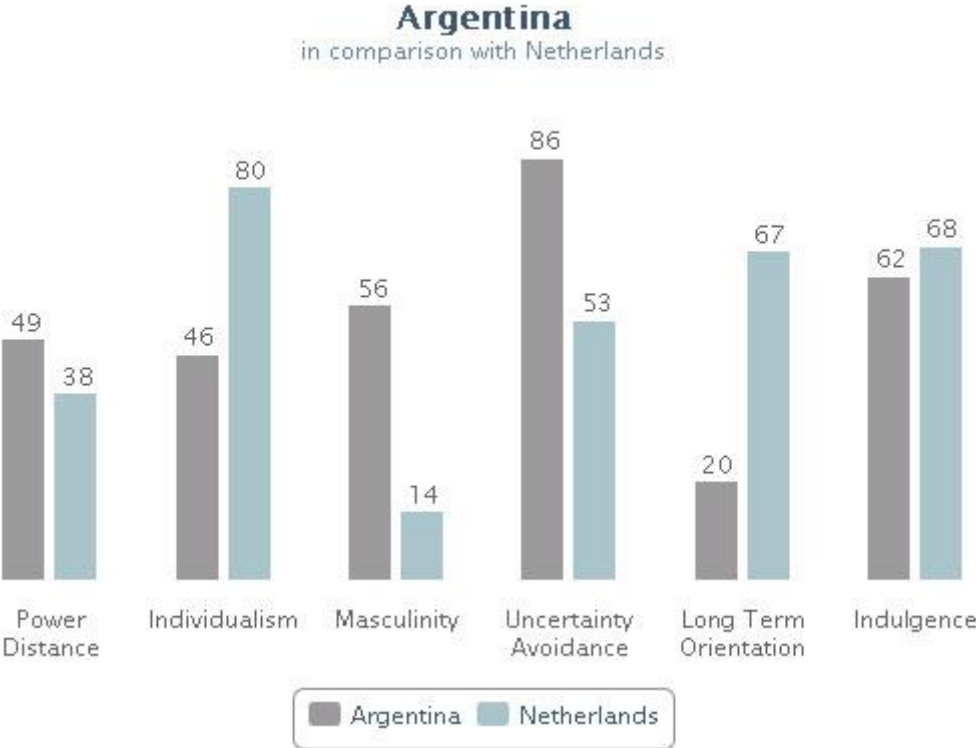
Define the data she would need from her customers. Indicate where you would focus on, either on the B2B or B2C

b.

Indicate where you would expect the revenues for a CRM application would arise from

c.

Indicate the revenue side of the business case for this application, quantitatively.



Attachment 2

Beiersdorf's Brands

Every day, millions of consumers worldwide trust Beiersdorf's innovative, high-quality skin and body care products. Our successful international brand portfolio is tailored to meet the individual needs and wishes of consumers, as well as local requirements. The ongoing development of our strong brands is the basis for this closeness to consumers and markets, and hence for Beiersdorf's sustainable success.

tesa provides innovative self-adhesive products and system solutions. The manufacturer is a global market leader in a large number of application areas due to its many years of experience in coating technology and developing adhesive masses.

Our Brand Portfolio



Attachment 3

Segment Reporting

(IN € MILLION)

Business segments 2014	Consumer	Tele	Group
Net sales	5,200	1,076	6,285
Change (nominal) (in %)	2.1	3.6	2.3
Change (organic) (in %)	4.8	4.4	4.7
Share of Group sales (in %)	82.9	17.1	100.0
EBITDA	766	209	975
Operating result (EBIT)	613	183	796
as % of sales	11.8	17.0	12.7
Operating result (EBIT, excluding special factors)*	678	183	861
as % of sales	13.0	17.0	13.7
Gross operating capital*	2,626	704	3,330
Operating liabilities*	1,534	203	1,737
EBIT return on net operating capital* (in %)	56.1	36.6	50.0
Gross cash flow	455	143	598
Capital expenditure**	201	100	301
Depreciation and amortization	83	26	109
Impairment losses on trademarks and goodwill	70	-	70
Research and development expenses	122	46	168
Employees (as of Dec. 31)	13,317	4,081	17,398
Business segments 2013	Consumer	Tele	Group
Net sales	5,546	1,140	6,686
Change (nominal) (in %)	6.5	5.9	6.4
Change (organic) (in %)	3.6	0.4	3.0
Share of Group sales (in %)	83.0	17.0	100.0
EBITDA	871	220	1,091
Operating result (EBIT)	771	191	962
as % of sales	13.9	16.8	14.4
Operating result (EBIT, excluding special factors)*	771	191	962
as % of sales	13.9	16.8	14.4
Gross operating capital*	2,584	810	3,394
Operating liabilities*	1,528	218	1,746
EBIT return on net operating capital* (in %)	72.9	32.3	58.4
Gross cash flow	508	172	770
Capital expenditure**	135	114	249
Depreciation and amortization	100	29	129
Impairment losses on trademarks and goodwill	-	-	-
Research and development expenses	132	51	183
Employees (as of Dec. 31)	13,540	4,110	17,650

* See the disclosures contained in the section entitled "Notes to the Segment Reporting."

** Figures comprise investments in intangible assets and property, plant, and equipment.

Balance Sheet

(IN € MILLION)

Assets	Note	Dec. 31, 2014	Dec. 31, 2015
Intangible assets	10	119	119
Property, plant, and equipment	11	964	1,054
Non-current financial assets / Securities	14	1,059	1,318
Other non-current assets		3	3
Deferred tax assets	08	195	191
Non-current assets		2,340	2,685
Inventories	12	786	772
Trade receivables	13	1,275	1,258
Other current financial assets		108	115
Income tax receivables		113	100
Other current assets		170	167
Securities	14	562	858
Cash and cash equivalents	15	976	918
Current assets		3,900	4,188
		6,330	6,873
Equity and liabilities			
Share capital	17	252	252
Additional paid-in capital	20	47	47
Retained earnings	21	3,413	3,955
Accumulated other comprehensive income	22	-83	-66
Equity attributable to equity holders of Beiersdorf AG		3,629	4,188
Non-controlling interests		11	13
Equity		3,640	4,201
Provisions for pensions and other post-employment benefits	24	627	574
Other non-current provisions	25	73	81
Non-current financial liabilities	26	1	1
Other non-current liabilities	26	3	2
Deferred tax liabilities	08	69	88
Non-current liabilities		773	746
Other current provisions	25	466	419
Income tax liabilities		130	145
Trade payables	26	1,022	1,152
Other current financial liabilities	26	135	109
Other current liabilities	26	164	101
Current liabilities		1,917	1,926
		6,330	6,873

12 Inventories

(IN € MILLION)

	Dec. 31, 2014	Dec. 31, 2015
Raw materials, consumables, and supplies	164	160
Work in progress	52	49
Finished goods and merchandise	560	556
Advance payments	10	7
	786	772

Inventories decreased by €14 million compared with the previous year to €772 million, €94 million of which (previous year: €115 million) was carried at net realizable value. Write-downs of inventories amounted to €56 million as of the reporting date (previous year: €61 million).

End