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Advertising

A Reverse Profit Strategy Faces a Commercial Test

By CLAUDIA H. DEUTSCH

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PROCTER & GAMBLE

<http://topics.nytimes.com/top/news/business/companies/procter_and_gamble/index.html?inline=nyt-org> is doing it backward.

The normal sequence goes like this: Company introduces product; product sells well in the United States; company ships product (free) to poverty-stricken countries; company seeks maximum publicity for its good citizenship.

But this is what Procter & Gamble has been doing with sachets of its Pur water-purifying powder: distributing them at cost in countries with poor water (for more than a decade). Now for the first time, it will be selling them in the United States, hopefully at a tidy profit.

Or, more accurately, it will let Reliance Products, which makes reusable water containers and other outdoor goods, sell them. Reliance will handle the distribution and marketing. Procter's name will appear in tiny type on the back of each single-use sachet, but it is the Reliance name that will be prominently displayed on the front, and that will be on the outer boxes.

Procter will plow its share of profits back into the Children's Safe Drinking Water program, its homegrown philanthropic project. But at least for now, that fact will not appear on the Pur packages.

Few marketing experts question Procter's decision to let Reliance distribute the product. Pur sachets are unlikely to be the kind of billion-dollar brand that generally gets Procter's marketing juices flowing. But for Reliance, of Winnipeg, Manitoba, which has about \$100 million in revenue a year, they could be a big deal.

And both companies expect the product to sell through stores that cater to campers and homeowners, particularly those in hurricane-prone areas. Reliance has long cultivated such channels, while Procter has not.

"We've been playing in the outdoor recreation market and working with the Red Cross on disaster relief for a really long time," said Charles Schiele, chief executive of Reliance.