

The mouthwash market of canada between 1986 and 1990

[Business](#), [Marketing](#)



The mouthwash market of Canada between 1986 and 1990 comprised of an assortment of extensively supported brands that fought tightly for their market shares. Segmented around 2 major benefits: Fresh breath and Killing germs, the brands growth busted an overall market expansion that reached the top in 1987 with the introduction of flavored mouthwashes. Since, the market still grows (currently sized at \$68. 6 million) but the brands share remain in relative terms constant- incremental sales are distributed according to the market shares of the existing brands.

The Canadian mouthwash market during the last 5 years has tremendously increased and changed with the creation of additional consumer segments and product attributes. Scope, a P&G brand that provide bad breath protection and has a nice taste, is the leading brand, followed by Listerine Cepacol that are also after brushing rinses. Plax, a Pfizer Inc. mouthwash, competes in a different segment (as a pre-brushing rinse that fights plaque) and upon its launch in the market 2 years ago, has evolve as a serious threat for Scope.

During the 80s most of the above-mentioned brands enjoyed a higher market share. The market outbreak came in 1987, as previously mentioned when Scope, Listerine and other smaller brands introduced in their mix flavors. That resulted in a tremendous market growth of 27%.

As Research tracking and surveys reveal, the market is penetrated by 75%. On average each adults in a household, use a mouthwash 3 times per week. The consumer segmentation pattern for the " after brushing" mouthwashes, has been built over the usage rate, and scales at 40% for the heavy users, at

45% for the medium and at 15% for the light users. We have not been provided with evidence on the percentage of adults that do not mouthwash. Still those who do use it, reason their choice in terms of a. bad breath b. germs build up c. plaque removal d. healthier teeth and gums e. for preventing colds.

The route to market for the mouthwashes are mainly the drugstores (65%) and the food stores -wholesale clubs (35%). Many brands that compete in the Canadian market are also sold in the U. S. market, where Listerine is dominant. Cepacol and Plax also hold a better market position in Canada.

In terms of advertising, Scope makes the bigger spending as market leader, followed by Listerine and Plax. In terms of pricing Plax is priced at premium in the Food stores and also highly priced in the Drugstores, as Listerine and Colgate are. Scope is low priced in the Drugstores and ordinary priced in the Food stores-Wholesalers.

As far as the regulatory environment is concerned, is quite liberal as far as the cosmetics products is concerned, but not at all flexible with the " drug status" products.

S. W. O. T. ANALYSIS

STRENGTHS

* Scope is the Market Leader mouthwash in Canada with 32% Market Share in 1990

- * In Canada the company is considered to be the leader in the packaged-goods industry
- * Although the growth progresses at a declining rate, still the overall mouthwash market developed by 5% from last year
- * Scope is the first brand that combined good taste and effective protection against bad breath
- * Scope tops the sales in the Drugstores (that account for the 53.8% of overall sales distribution) with market share of 27% as well as the sales in the Food stores and Wholesales clubs (that jointly account for the 34.9% of overall sales distribution) with a share of 42%
- * Scope key scoring attribute among brand users is its capability to fight bad breath
- * Scope is a cosmetic status product, thus can advertise more openly

WEAKNESSES

- * Trough research studies applied to generic as well as Scope users, the brand did not score well in the following attributes: killing germs, removing plaque, preserving healthy teeth's and gums
- * Scope is not recommended by the doctors/ dentists

- * Scopes advertising expenditure though it is much bigger and time-extensive than that of its competitors do not result comparatively in more GRPs (e. g. with Listerine)

OPPORTUNITIES

- * The consumers that are interested more in the " Health related" benefits formulate a new dynamic segment, has high potential and is quite relevant to P&Gs scope

- * From 1986 to 1990, the weekly usage of mouthwash per household has increase by 33%, the penetration by 10% the retail sales by 58%, the factory sales by 56% and the unit sales by 57%

- * As Listerine, Listermint and Plax neither Scope hold the seal of the American Dental Association in Canada. If it succeeds in claiming it, will safeguard a great competitive achievement.

- * The Wholesales clubs offer a selective-small assortment of mouthwash brands thus it's easier to build image in that environment

- * Plax is priced at premium in the drugstores while along with Listerine, are prices at higher levels in Food stores (Scopes is prices lower)

THREATS

- * At least \$3. 85 extra cost per unit (excluding variable cost etc.) is going to be added to the final price of a new product line, if P&G decided to compete with Plax in the " health related" benefits segment

- * Scopes positioning around the taste and killing germs benefits, is threatened by Plax and other existing products new claims, that focus around the " plaque fighting" attribute
- * Although the market is expanding the market shares of the existing product families seems to maintain and not increase their market shares
- * Colgate Fluoride rinse attempt to be positioned as cavity fighting mouthwash resulted in failure although it was supported by a big multinational and was sealed by the Canadian Dental Association for cavities
- * P&G can't provide a clinical database that would prove to the HPB the relevant to Listerine attributes of Scope, neither can outperform Plax results in plaque reduction
- * PLAX scores highly in both users and non-users perceptions of removing plaque and in contributing to healthy teeth and gums
- * Launching a product that does not overcome the competitive product advantages is opposite to the corporate strategy
- * The corporate image of P&G could be endangered if a new product prove inadequate in meeting the expected standards
- * The Canadian Dental Association does not support the therapeutic character of mouthwashes

OBJECTIVES

- * To increase total P&G Inc. share in the Mouthwash market by 4.5% until the end (fiscal) of 1993

- * Ensure volume build up of 25% over the next three years

STRATEGIES

- * Reposition the product, by additionally asserting other than fresh breath related attributes --> a plaque reassurance on Scope, aiming to attract new consumers from other competing brands and / or segments

- * Do nothing

- * Exploiting the attribute of health related benefits that created the new market segment, which Plax addresses, introduce a new product under the Scope brand family, with a different name e. g. Scope Total, positioned as a better tasting pre-brushing rinse

- * Pursue both the repositioning of Scope and the introduction of a line extension

TACTICS

Product line extension strategy seems more reasonable to apply in the case under discussion.

Attempting to re-introduce an established product under a different proposition is quite risky. Especially in the case of a leading in its market, brand if the repositioning does not appeal or adequately communicated to its

target groups the attempt could result in total brand failure. In the specific case even if the product repositioning appeal to its accepting and / or adoring consumers the respective incremental sales won't account for a substantial boost of the brand market share in a medium run time horizon. Adversary, it would only stabilize volumes.

Another reason for not choosing this strategy is the respected advocacy of Scopes Advertising agency that fears the possible strategic implications. In the past luck of promoting the bad breath elimination attribute in advertisements resulted in lower shares. It is considered particularly difficult to simultaneously advertise an additional benefit. Finally, the market research revealed that the purchase intent of non-rinse users would not be greatly affected, thus the overall impact of the effort would not result in substantial incremental sales.

Pursuing both Scope repositioning and developing a line extension is out of scope and completely wrong as a practice overall. From theory, line extensions build synergistically with the core brand, capitalizing mainly on its established positioning and image while the core brand expands its life cycle and revives awareness. In the case of parallel repositioning and line extension the result could be disastrous for both products.

The "Do nothing" strategy on the other hand is rejected since, it would cut off a. P&G's potential to expand to an emerging profitable market (which may also inhibit future opportunities for additional penetration) and b. employees innovative and creative skills development under challenging business

situations. According to the current market segmentation, if P&G do not serve the emerging market segment, its market share in " breath related" benefits segment, would soon decline along with the segment itself.

Besides, the local corporate Statement of Purpose and Strategy encourages innovative initiatives and or opportunities exploitation that could result in profitable business, especially when inhibit spirited collaboration as the line extension strategy does. So do nothing is in direct conflict with the corporate culture and philosophy.

Thus overall, developing a new product under the Scope brand name (as Listermint did) constitutes the proper strategy, according to my opinion, not only because every business needs to exploit opportunities for future advancement but also because that product could focus and serve better the needs of its users, making thus the sales people job easier and more profitable. More to these that strategy feels best to the corporate intent of " providing products ... that best fit the needs of consumers". In developing a new product, the firm would compete Plax in its segment by providing relative health related benefits but with a nicer product taste.