

# [Toothpaste industry essay sample](https://assignbuster.com/toothpaste-industry-essay-sample/)

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The toothpaste history in India can be tracked back from 1975 with 1200 tonnes of toothpaste produced by the toothpaste industry. Prior to the toothpastes Oral Hygiene was the domain of local homemade powders and ayurvedh practitioners. With the entry of Colgate in Indian marketplace the awareness about Oral care and the importance of oral care. In recent years the Industry has shown impressive growth rate of 18. 6% (this growth is calculated in terms of value growth in Rs. ). The growth in the urban market has been largely by the Gel Segment. Presently, a large chunk of the Market is still held by Colgate. The major players in the toothpaste Industry being Colgate Palmolive and Hindustan Lever Limited and several minor players like Balsara hygiene, Dabur etc. Presently Colgate Dental Cream holds 52% of market share. HUL’s Close up lies far behind with 23% of the existing market share. The third player in the marketplace in terms of market share is Colgate Gel with 10. 5% of the market share. That leaves 14. 5% market share for other Brands like Pepsodent, Pepsodent G, Promise, Babool, Sensofoam, Forhans, Cibaca, Neem, Vicco etc.

The toothpaste market is presently valued at Rs. 750 crores out of which the Gel segment has already bagged 1/3rd portion of it. The Gel segment presently stands at Rs. 248 crores and is growing at a rate much faster than Cream. In India toothpaste usage as compared to other countries is very low which signifies about the potential of the market. In Urban India the usage of toothpaste per person per year is just 190gms. Where as it is 200gms of toothpaste per person per year in developing countries as Indonesia and Thailand. In developed countries as USA and other European countries the toothpaste usage is 375 Gms per person year.

Worldwide annual per capital consumption of toothpaste averaged 363 grams while consumer in India used only 107 grams of toothpaste annually. The average annual per capital consumption of toothpaste in India is lower than the worldwide average due to a lower average personal income and a lack of consumer education. Also, recent studies have indicated a high price elasticity of almost 300% for certain mass consumer products: i. e. a10% drops in prices could lead to a 30%increase in consumption. Realizing the importance of these products in consumers daily lives especially toothpastes, many companies like P & G, Hindustan Unilever etc. are planning to launch products to fight for the share of the existing market giants. Highlights of Indian Toothpaste Industry

1. The toothpaste market in India increased at a compound annual growth rate of 6. 6% between 2004 and 2010. 2. The standard category led the toothpaste market in India in 2009, with a share of 91. 5%. 3. Leading player in toothpaste market in India is Colgate-Palmolive Company.

The growth in the Toothpaste market demand can be attributed to a number of factors. Perhaps the two most important are rising penetration higher intensity of use. Penetration is driven by purchasing power, reach of media, availability and also price. Growth in rural areas is driven by conversion of non users. Various initiatives such as distribution of free samples, low unit price packs in small sizes and conducting oral care education in the rural areas are being undertaken by leading players. Paralleling these trends had been dramatic increase in Advertising expenditure and new value proposition introduced by the players in the market. The cumulative of above initiatives had been to increase the consumer awareness in rural areas and conversion of non-users to branded product. Segmentation

The Toothpaste market in India can also be segmented on the basis of benefits sought from the product. They are broadly classified into four segments. (Source: Indianinfoline. com) \* Protection:-The value proposition offered to this segment is protection of teeth & gums from germs, preventing cavity and controlling plaque. This segment largely comprises of family. The brands, which are sold under this proposition, are Colgate dental cream, Pepsodent, Aqua fresh, Forhans,(recently this brand was sold for a sum of around Rs. 3. 6 Crores to an undisclosed buyers ) \* Social Interaction:-The sale is on the proposition fresh breath and white teeth.

This segment is dominated by gel toothpaste. Gels which are marketed on parameters of freshness and energy are estimated to have a market share of 20-35 % of total market. Close up and Colgate gels are prominent players. \* Economic:-The sale is on the “ Value for money” proposition for families with low and mid level income. Price is the significant deterministic factor. Promise and Babool are the toothpaste sold in this market. \* Therapeutic:-This is a niche segment. The sale is on the medical benefits offered proposition. They offer protection from ailments such as bleeding gum, prevention of tooth decay etc. Neem, Meswake, Pepsodent G are some of the players in this market. Demand

With a population of 1. 22 billion and population growth rate of around 2%, India has a huge potential market for toothpaste. Demand for urban area is growing at a rate of 2-3% where as that of rural area is growing at a rate of 12-14 %. Among various segments protection and economy segment is growing at 5-6% per annum where as the social interaction segment is growing at faster pace of 12-14% per annum. (Source: Indianinfoline. com) Market Research Motive

Identifying the key factors that companies should take into account before launching a new product in the market and realising the buyer behaviour in order to gain a better understanding of Indian market. Methodologies to be adopted:

Creation of questionnaire and monitoring through online as well as offline survey Exploratory research to figure out what brands of toothpaste consumers are aware about Analyzing data collected with the help of statistical tool SPSS