

# Colgate-palmolive company

Business



In this memo are key findings about the company referred to as CPC How much (and what of the company's total sales are outside the home country CPC is an American company with headquarters in New York, USA. Table 1 (Annual Report, 2004, p. 44) shows that U. S. sales of \$2. 78 billion accounted for 26% of total sales. Therefore, 74% or \$7. 803 billion are sales outside the home country.

2. In which nations does it produce and market its products If possible, list countries beginning with the largest market, the second largest, etc.

CPC markets its products in over 200 countries and territories worldwide (Annual Report, 2004, p. 18). Its biggest market in terms of net sales is the United States (with \$2. 78 billion in sales accounting for 84% of North American total sales, 22% of Oral, Personal and Home Care sales, and 26% of the company's total global sales of \$10. 58 billion in 2004).

The next five biggest markets in terms of sales (and %-age contribution of total sales) are China (3. 5%), Russia (3. 3%), India (3. 1%), Mexico (2. 9%), and Brazil (2. 6%).

The leading markets in each region, from highest shares in total sales, are:  
Europe: Russia, Spain, and United Kingdom.

North America: United States, Mexico, and Canada.

Latin America: Brazil, Colombia, and Venezuela.

Asia: China, India, and Taiwan.

Europe and North America remain its largest markets, but sales are growing fast in Latin America (4. 5%) and Asia (9%) (Annual Report, 2004, p. 19).

3. Are its production facilities centralized or decentralized

CPC's production facilities are decentralized according to the four regions in which it operates, following the principle of having the right product in the  
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right store at the right time. Using SAP software for more effective management of logistics and promotional investments, reduction of out-of-stocks, and excellent customer service, it has production and R&D facilities in the following countries:

North America: United States and Mexico

Europe: Portugal, Russia, United Kingdom, France, Germany, Ireland, and Greece

Latin America: Venezuela, Colombia, Brazil

Asia/Africa: China, India, Taiwan, Malaysia, Thailand, South Africa

4. Does it standardize products or adapt them for different markets Give examples of products that are adapted.

CPC has a stable of global brands that include the following: Colgate, Palmolive, Kolynos, Sorriso, Elmex, Mennen, Protex, Softsoap, Irish Spring, Ajax, Soupline, Suavitel, Hill's Science Diet, and Hill's Prescription Diet. Its product formulations (Annual Report, 2004, pp. 8-12) are adapted to the country or region where these are sold.

Examples:

Colgate Sensitive for Western Europe (adapted to local taste and preferences)

Mennen Speed Stick Roll-on deodorant in Costa Rica (form of packaging)

Colgate Herbal Salt, Darlie Tea Care toothpaste, and Colgate Propolis in China (unique local tastes for toothpastes), and

Protex Sun Care bar soap for Guatemala (adapted to hot and humid tropical weather).

5. Is the company's export revenue increasing and, if so, at what rate

Table 2 (Annual Report, 2004, p. 44) shows that export revenues increased

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9.4% in 2003, from \$6.5 billion to \$7.16 billion, and 8.9%, to \$7.8 billion, in 2004.

The growth rates of exports are higher compared to that of domestic sales, which declined slightly by 0.19% (from \$2.744 billion to \$2.739 billion) in 2003 and grew by 1.52% (to \$2.781 billion) in 2004.

#### Reference

Colgate-Palmolive Company (2004). Annual report: investing strategically for profitable growth. New York: Colgate-Palmolive Company. Retrieved November 26, 2005, from <http://investor.colgatepalmolive.com/downloads/2004Annual.pdf>

#### Table

##### 1. Colgate-Palmolive Company 2004 Sales Summary

Net Sales (in millions, \$)

%age

%age

US

Oral, Personal and Home Care (OPHC)

of OPHC

of total

Sales

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%age

Of

North America (NA)

2, 378. 7

26%

22%

2, 000. 3

84%

NA

Latin America

2, 266. 0

25%

21%

22%

OPHC

Europe

2, 621. 3

29%

25%

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19%

Total

Asia/Africa

1, 885. 1

21%

18%

Total

9, 151. 1

100%

86%

Pet Nutrition (PN)

1, 433. 1

14%

14%

781. 0

54%

PN

7%

Total

Total Net Sales

10, 584. 2

100%

100%

2, 781. 3

26%

Total

How much of total sales are outside the US

Oral, Personal, Home Care

78%

7, 150. 8

Pet Nutrition

46%

652. 1

Of Total Net Sales, in \$ millions

74%

7, 802. 9

## 2. Annual Growth Rates of Sales: U. S. vs. Non-U. S. (2002-2004)

### Total Sales

2004

2003

2002

### No. America

2, 378. 7

2, 356. 2

2, 374. 1

### U. S.

2, 000. 3

1, 986. 9

2, 030. 4

### Non-U. S.

378. 4

369. 3

343. 7

### Latin America

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2, 266. 0

2, 179. 5

2, 206. 8

Europe

2, 621. 3

2, 304. 1

1, 984. 3

Asia/Africa

1, 885. 1

1, 747. 5

1, 542. 0

OPHC

9, 151. 1

8, 587. 3

8, 107. 2

Non-U. S.

7, 150. 8

6, 600. 4

6, 076. 8

Pet Nutrition

1, 433. 1

1, 316. 1

1, 187. 1

U. S.

781. 0

752. 8

714. 5

Non-U. S.

652. 1

563. 3

472. 6

Total Sales

10, 584. 2

9, 903. 4

9, 294. 3

Total U. S.

2, 781. 3

2, 739. 7

2, 744. 9

Total Non-U. S.

7, 802. 9

7, 163. 7

6, 549. 4

Growth, %ages

Non-U. S.

8. 9%

9. 4%

U. S.

1. 52%

-0. 19%