

Colgate max fresh: roll out brand essay



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In February 2005, Nigel Burton, in his third year as president of global oral care at Colgate- Palmolive Company (CP), had every reason to feel optimistic. Worldwide market shares were strong and Colgate Max Fresh (CMF), a new tooth paste that had helped drive Colgate to a record 34. 8% value share in the important US market, was in the global pipeline for 2005. Burton had on his desk the proposed marketing launch plan for CMF in China and Mexico. Each plan sought to maximize business potential in the local market.

Burton needed to assess these plans from a global standpoint, and he wondered if the benefits of adapting the marketing programs in each country outweighed the costs. By January 2005, CP was a \$10. 6 billion global company operating in 200 countries worldwide. Colgate-Palmolive (CP) is a worldwide company that specializes in oral, personal, home care and pet nutrition. Colgate is an oral care brand that is recognized throughout the world. Some CP's most distinguished brands are Colgate, Palmolive, Speed Stick, Ajax, and Hill's Science Diet.

Colgate-Palmolive has the majority market share in the United States, Mexico, and China. In each country, Procter and Gamble's (P&G) Crest toothpastes are ranking next in market share. In the U. S. and China the market shares are very close. In 2004, Colgate had 34. 8% and Crest had 31. 6% of the market shares in the U. S. ; in China Colgate had 23. 6% and P&G's 21. 2%. However in Mexico, the difference between CP and P&G is enormous, CP has market share above 80%. CP executive was pressured to compete hard against Crest's new product called

Crest Whitening Expressions (CWE). In August 2004 CP launched a new toothpaste product called Colgate Max Fresh (CMF) in the United States. CMF was advertised as first-class toothpaste that would provide a complete new breadth of freshness. The product was so successful in U. S. that CP decided to launch it internationally. Problems/Opportunities: Global marketing approach involves accepting and addressing differences across markets, the problem arises when trying to balance the global brand and attractiveness to distinct regions.

Successful global marketing campaigns control similarities to protect a consistent message and limit costs while also customizing advertising to align with regional cultural preferences. When deciding which countries to enter first, a company should consider the potential for organizational learning. In order to decisively grow global brand equity, must be able to identify the background of brand value, set objectives for brand development and distribute resources across products.

Variables that constrain the globalization of marketing and brands, like global customers, common customer needs, cost drivers (economies of scale), competitive drivers, global competitors, first mover advantage or counter threats from competitor innovations, existing products to secure position, government drivers (regulation, censorship, inability to mention competitors by name), needed to be appropriate evaluated prior to develop or choose the marketing plan for any specific region.

While Colgate-Palmolive in Mexico made some minor changes to adjust Colgate Max Fresh to their market, CP China redesigned practically every

aspect of the product besides the one characteristic that made it unique, the breath strips. These changes were costly and the product failed to make profits in its first two years in China, expenses heavily outweighed the revenues. Instead of marketing like one company, CP China behaved as if it had purchased the rights to use the patented design of CMF and then created a marketing plan from ground zero.

Taking the experienced with CFM already in U. S. by evaluating the effectiveness of the produced marketing plan for Colgate Max Fresh, the marketing team would get insight into what works and what doesn't. What enhances the product in consumers' eyes and what needs to be re-done for the Chinese market. Money would be saved on marketing areas that can be directly transferred from the U. S. to China. If the ad campaign proved successful in test groups, up to \$1. 5 million could be saved.

The down side to this plan is that only a finite amount can be saved, and this does very little to address sales revenues. Options: According to Exhibit 13 in the case, in its first year Colgate Max Fresh had net sales of about \$20 million and net expenses of about \$30 million, leading to a \$10 million loss. In the second year sales increased by about \$3. 5 million, expenses were reduced, and the net loss was only about \$1. 5 million. Any loss is not good, but at least there was a significant reduction in cost and the product was increasing in reputation.

If the product had been more popular the first year, that would have made a big difference. Reducing costs by eliminating unnecessary changes to the marketing plan already developed in conjunction with a promotion plan that

emphasizes the product features that are most highly sought-after would be ideal for CP China. By reducing expenses and increasing sales, CMF may have been profitable in its second (if not first) year. An attitude change would need to be addressed first.

It seems like the Chinese Colgate-Palmolive oral care management team does not trust that anything the United States team creates will work in China. They created new, expensive schemes for various aspects of the marketing mix without first checking to see if it was necessary or even advisable. Corporate CP needs to get their Chinese team to understand that as part of a global brand, many features can be directly transferred from one country to another – especially successful ones.

Next, the Chinese team must evaluate numerous aspects of the marketing mix for Colgate Max Fresh. A few things were evaluated properly, like the name of the product and the way the breath strips are described. CP China did their research to find out if the name “ Colgate Max Fresh” with “ breath strips” would mean anything to the Chinese market. Because it did not translate well, they changed the name. This is the approach the team should take to each aspect of the marketing mix.

For instance, when evaluating the advertisements, they should first determine the effectiveness of the United States commercials. If the results are not favorable, they should change the ads to focus on those aspects that the Chinese consumers seek when choosing toothpastes – freshness and cavity prevention. After evaluating each aspect, the unsuccessful ones should be remade by the Chinese marketing team. Once the newly

developed plans have been evaluated, they should be compared to the original plans.