

Marketing
management colgate
palmolive industry
overview



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In a society that cares about appearances consumers continually look for new, innovative oral care products to provide an extra sparkle to their smiles. Oral care companies are marketing their products to different consumer segments in order to capture their share in the growing segment market. Today's consumer demand numerous benefits from their tooth pastes and manufacturers are responding accordingly.

The Personal Care and Household Cleaning Products Industry includes Companies that make Personal Care and Hygiene Care Products such as cosmetics, perfumes and toiletries as well as household cleaning products. Some leading companies in Personal Care and Household care are Procter & Gamble, Unilever, Colgate Palmolive, Johnson & Johnson Gillette and Reckitt & Benckiser etc.

Key Market Players

Colgate-Palmolive

Colgate-Palmolive headquartered in New York City is the biggest seller of toothpaste (ahead of Procter & Gamble) and a world leader in oral care products (mouthwash, toothpastes, and toothbrushes). The company also makes personal care products (baby care, deodorants, shampoos, soaps) and household cleaners (bleaches laundry products, soaps). Its other well-known brands include Palmolive dishwashing liquid and tabs, Ajax surface cleaners, and Fab laundry detergent. Its Hills Pet Nutrition subsidiary makes Science Diet and Prescription Diet brands of pet food. Colgate operates in more than 70 countries and sells products in more than 200.

Procter & Gamble

The Procter & Gamble Company is the number one U. S. maker of household products, with brands in five main categories: Baby, feminine and family care; Fabric and home care; Beauty care; Health care and Food and Beverages. Nowadays Procter & Gamble markets nearly 300 brands, including leading brands such as Pampers, Tide, Ariel, Always, Whisper, Pantene, Bounty, Pringles, Folgers, Charmin, Downy, Lenor, Iams, Crest, Actonel, Olay, and Clairol. P&G has sales in more than 160 countries around the world and P&G's worldwide headquarters is located in Cincinnati, Ohio, USA. The company operates 115 plants in almost 80 countries worldwide and employs nearly 98, 000 people. The firm also makes pet food and water filters and produces soap operas. Procter & Gamble is not an active player in local market tooth paste market.

GlaxoSmithKline

GlaxoSmithKline, one of the top five pharmaceutical firms in the world, is the name behind antidepressant Paxil and asthma therapies, Flovent and Servent, among the world's best-selling drugs. Other international bestsellers include Avandia for diabetes, migraine reliever Imitrex, cancer-related nausea drug Zofran, and antibiotic Augmentin. GSK products are also available without a prescription: OTC products include Zantac for sour stomachs, Aquafresh & Maclense for cleaner teeth. Oxy for skin suffering the ravages of adolescence, and Nico Derm for smokers looking to kick the habit.

Unilever

Unilever is one of the world's top packaged consumer goods companies, Unilever has leveraged its brand-name food, cleaning and personal care products into market dominance worldwide. Dually headquartered in London and Rotterdam, the Netherlands, it is operated by two different holding companies, Unilever PLC (UK) and Unilever N. V. (the Netherlands), which have separate stock listings but an identical board of directors. Unilever is one of the industry leader in deodorants (Axe, Degree), hair care products (Suave, ThermaSilk), prestige fragrances (Calvin Klein, Lagerfeld) and soap (Dove, Lux). Its other familiar goods include Q-Tips, Vaseline, Pepsodent, Close up and Mentadent tooth pastes and laundry and cleaning products such as all Wisk and Surf.

Locally Manufactured

Medicame Tooth Pate, Medipac, Forhans, English, Listerine and Sensodyne tooth paste are also increasing their market share. Medicame Listerine and Sensodyne are medicated tooth paste. Sensitive consumer gives good consideration to medicated tooth paste. However English tooth paste is very low price tooth paste. Some imported tooth pastes are also available at super store while a variety of medicated tooth paste is available at Medical stores. Close up and medicame are the real competitors of Colgate tooth paste. They have reduced the market share of Colgate. Colgate tooth paste is pioneer and innovator in the introduction of Herbal tooth paste.

Corporate Profile

Personal care giant Colgate-Palmolive is generally associated with toothpaste and soap, but in fact its broad portfolio also includes Pet food, Deodorants, Fabric softeners, Household cleaners and Detergents. Brands include Ajax, Fab, Mennen and Hill's Science Diet, alongside the two products that make up the company's name. Colgate is the world's #1 toothpaste and toothbrush brand; Palmolive soap is the world's third largest soap brand, now covering a growing range of hair care products as well as soaps. Colgate-Palmolive is also truly international, deriving more than 70% of its sales outside the US. Advertising Age/TNS estimated global measured advertising expenditure in 2003 of \$621m, making Colgate the world's #40 advertisers. Colgate-Palmolive is a leading global consumer products company, serving people in more than 200 countries and territories with consumer products that make lives healthier and more enjoyable. The Company focuses on strong global brands in its core businesses – Oral Care, Personal Care, Household Surface Care, Fabric Care and Pet Nutrition. The Group operates in North America, Latin America, Europe, Asia and Africa.

History of Colgate Palmolive

1800 – 1850s

The company began in 1806, when William Colgate, an English immigrant, set up a starch, soap and candle business on Dutch Street in New York City, USA. Frances Smith was made a partner in the following year and the firm became Smith and Colgate. William Colgate brought out his partner in 1813; the name was then changed to William Colgate and Company.

In 1817 the first Colgate advertisement – “ Soap, Mould and Dipt Candles” – appeared. A few years later, William Colgate and his brother-in-law, John Gilbert, built a starch factory in an area that today is Jersey City, New Jersey. The Dutch Street factory was moved there in 1847, though the business office remained on Dutch Street. Principal products at that time were Windsor Toilet Soaps and Pearl Starch.

After more than fifty years in the starch, soap and candle business, William Colgate died in 1857. The company then became known as Colgate & Company.

1860s – 1910s

In 1866, the company introduced perfumed soap and began the manufacture of perfumes and essences. Six years later Cashmere Bouquet, the first milled perfumed toilet soap, was registered as a trademark.

Surprisingly, it wasn't until 1873 – almost seventy years after the company's founding – that Colgate & Company produced its first toothpaste, an aromatic dental cream sold in jars. Then, in 1896, the company made toothpaste much more convenient to use by introducing the first collapsible toothpaste tube, one similar to those in use today.

Meanwhile in Milwaukee, the B. J Johnson Soap Company, founded in 1864, was about to change its destiny. In 1898 the company introduced Palmolive Soap, a product that was so successful it prompted B. L. Johnson to change its name to the Palmolive Company 1916.

By its 100th anniversary, Colgate & Company was manufacturing dental care products, laundry soaps, 160 different kinds of toilet soap and 625 varieties of perfume. In 1906, the company launched a plant expansion at its Jersey City site, and a new 8-storey factory opened on the site in Jersey City. A few years later in 1910, the entire Colgate organization left the original buildings on Dutch and John Streets and moved to Jersey City.

It was on the roof of one of Colgate's factory buildings there that the first Colgate clock, its face measuring 37.5 feet in diameter and covering an area of 1104 square feet, was installed in 1908. The original Colgate clock, which became a fixture on the New Jersey waterfront, was moved to a new Colgate factory in Jeffersonville, Indiana in 1924 and was replaced with a new, bigger timepiece, which today is still one of the world's largest single faced clocks. The new octagon-shaped clock measured 1963.5 square feet with a 25 foot, 10 inches long minute hand and a 20 foot long hour hand.

1920 – 1930

On the 7th January 1922, the Palmolive Company (of England) Ltd was incorporated, with the first directors' meeting being held a month later when Bob Foster was appointed Chairman.

In 1925 a new name was registered, The Palmolive Company Ltd. At this time most of the display cards for shop windows and point-of-sale inside chemists were produced in the USA and shipped over with the product. It was not until the 1930s that the UK company commissioned its own advertisements.

In 1928 the Colgate Company merged with Palmolive-Peet Co. in the USA, and thus another name change followed in the UK, Colgate-Palmolive-Peet Ltd.

It was in 1933 that an agreement was signed with the parent company in America to manufacture Colgate products in the UK, and production started in London from a factory in Ranelagh Road (on lease since 1929).

With war clouds gathering over Europe, a wise decision was taken to establish a manufacturing base for Palmolive in England. In 1938 the soap makers G. W. Goodwins & Sons were purchased and Palmolive was produced in the Ivy soapworks at Salford, near Manchester, from July 1939, just six weeks before the outbreak of war.

1940s – 1960s

After the war, things gradually returned to normal. In 1949 the Company decided to enter the detergent business with Fab – a new detergent powder already on sale in the USA. Fab survived for a number of years but was eventually discontinued having succumbed to the pressure of heavy competition.

Another brand brought over from the USA was a new type of foaming cleanser called Ajax. Launched also in 1949, Ajax proved popular and became brand leader in the mid 1950s.

Colgate Chlorophyll was launched in 1952 at a time when the public were intrigued by anything chlorophyll. Palmolive soap drew attention to the fact that “nature's chlorophyll is in every tablet”.

In 1953 the name changed to Colgate-Palmolive Limited.

By 1956 Colgate's share of the US market had reached 23% (from 9% in 1947).

New product launches in the 1950s included Lustre-Creme shampoo, Cue hair dressing, Kan-Kil aerosol insect killer, Rapid-shave aerosol lather (1954), Ajax liquid all purpose cleaner with ammonia-plus (promoted on TV as "cleans like a white tornado") and Cadum toilet soap in 1955.

In the UK in 1964, brand leader Colgate introduced Colgate fluoride, the toothpaste that "helps stop bad breath and fights tooth decay". This was updated in 1970 with a new formula containing monofluorophosphate or MFP, and two years later this brand was combined with the standard Colgate to create Colgate MFP Fluoride.

The other major launch was Ultrabrite in 1968; "New Ultrabrite the extra-strength toothpaste for really white teeth. You'll love its new zingy flavour too". Noticeably there was no attempt at directly linking the Colgate name to Ultrabrite.

It was in 1965 that one of the most memorable TV advertising campaigns began for Colgate's "Ring of Confidence". A continuous stream of TV commercials in the form of "before and after" mini stories showed the lasting benefits of using Colgate. Even today many remember the sound of the effective "ping".

1970s – 1990s

1976 saw the arrival of Soft & Gentle aerosol, a new antiperspirant that did “not sting, even after shaving”. Its image evoked by its packaging, was feminine, kind and mild. Woodleigh Green, the shampoo and soap with a fresh, green apple fragrance was introduced in 1979.

Under the worldwide Chairmanship of Reuben Mark, appointed to the position in 1984, Colgate-Palmolive sold many of its recently acquired companies and concentrated on building strength in its core businesses of oral care, body care, household surface care and Hill’s Pet Nutrition.

Colgate was still Britain’s top selling toothpaste and throughout the eighties the company continued to develop its products, first with improved MFP fluoride, and then the introduction of Blue Minty Gel – the first toothpaste to target 9 -14 year olds. In 1986 Colgate Junior was introduced and Colgate Tartar Control.

In 1984 the new pump action toothpaste dispenser made its debut, and five years later another packaging improvement, the easy to use fliptop cap.

Innovation and focus describe the company’s activities in the nineties.

Perhaps the most innovative development came in 1993 with the launch of Colgate Total toothpaste – the most effective toothpaste available. This was just the start of new toothpaste introductions – Colgate Platinum (1995) for that “ fashion model” whiteness, Colgate Total Fresh Stripe (1995) and Triple Cool Stripe (1996) and Colgate Sensation Deep Clean (1997).

Other new arrivals appeared in the Soft & Gentle range with a Smooth Solid (a completely new format for anti-perspirants) and Lights, using the latest fragrance. Soft & Gentle had always had fragrance as a key differentiator, and it is this aspect of the product that is constantly changing to keep up with current fine fragrance trends. Soft & Gentle cream was launched in 2001. The roll on had aloe vera added in 2002, and there was also a packaging upgrade.

Palmolive entered the growing market for shower gels with a range of “irresistible” products all designed to leave the skin smooth to the touch.

1999 saw the launch of Colgate Whitening and Colgate Superstar. Colgate Fresh Confidence was launched in 2000, and in 2001 Colgate Herbal and Colgate Total Plus Whitening arrived.

Colgate-Palmolive Values

Our three fundamental values-Caring, Global Teamwork and Continuous Improvement-are part of everything we do. They are the foundation for our business strategy and are reflected in every aspect of our work life.

Caring

The Company cares about people: Colgate people, customers, shareholders and business partners. Colgate is committed to act with compassion, integrity and honesty in all situations, to listen with respect to others and to value differences. The Company is also committed to protect the global environment and to enhance the communities where Colgate people live and work.

Global Teamwork

All Colgate people are part of a global team, committed to working together across countries and throughout the world. Only by sharing ideas, technologies and talents can the Company achieve and sustain profitable growth.

Continuous Improvement

Colgate is committed to getting better every day in all it does, as individuals and as teams. By better understanding consumers' and customers' expectations and continuously working to innovate and improve products, services and processes, Colgate will “ become the best.”

PRODUCT

Anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. It includes physical objects, services, goods or ideas.

What is Colgate Herbal White toothpaste?

Colgate Herbal White toothpaste combines Colgate's expertise in oral care with some of nature's finest ingredients. With its unique blend of herbs, Colgate Herbal White delivers a great brushing experience to help ensure first and foremost your good oral health. Plus, it whitens too.

How does it work to whiten and strengthen teeth?

Colgate Herbal White helps whiten teeth with gentle cleaning silica and calcium carbonate. It removes surface stains from food and drink. Colgate Herbal White also helps strengthen teeth with fluoride.

What are the benefits of using Colgate Herbal White?

Colgate Herbal White's special blend of herbs gives it a unique flavor that leaves your mouth with a fresh feeling. In addition, the Colgate Herbal White formula contains fluoride to help prevent cavities while helping to strengthen teeth.

What herbs are used and what do they do?

Melissa herb: known for its soothing qualities
Eucalyptus: noted for its energizing properties
Lemon Extract: recognized for its fresh, aromatic flavor
Natural Mint: enjoyed for its naturally refreshing taste

What makes Colgate Herbal White different from other Colgate toothpastes? How does it compare with other whitening toothpastes?

Colgate Herbal White is the only Colgate toothpaste in the market that contains natural herbs in its formula. Its unique combination of calcium carbonate and high cleaning silica delivers whitening and a fresh feeling in your mouth.

Can children use Colgate Herbal White?

Yes. As with any other toothpaste, children 2 to 6 years old should use a pea-sized amount and should brush under the supervision of an adult. For children under 2 years old please consult a dentist or physician.

What happens if the cap is left open?

Because Colgate Herbal White has a natural base of calcium carbonate, the toothpaste can lose some of its moisture and harden if the cap is left off for prolonged periods of time. To avoid this, always close the cap after brushing.

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What makes Colgate Herbal White different from other herbal toothpastes?

We can't really comment on other companies' products. We can tell you that Colgate Herbal White contains fluoride and the expert science of Colgate to help ensure first and foremost your good oral health.

Product Life Cycle

Launching a product leads to a life cycle through which passing of product is considered as natural. A product life cycle phenomenon can be viewed as

Introductory stage

Growth stage

Maturity stage

Decline stage

Colgate Herbal Toothpaste is successfully passing through the introductory stage and entering into the growth stage. Colgate people develop the products after identifying the core consumer needs that the product will satisfy. They introduce the product after careful segmentation and identifying the target market. Since their target market as they know is going towards the natural products for the health of their teeth, so Colgate has introduced its Colgate Herbal which is a blend of natural herbs and modern scientific research. They continuously develop the product for their customer satisfaction. They have close eye on the market and whenever they find a gap in the market, they launch a product whenever they find a gap in the market.

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Colgate Business Strategy

Colgate's tightly defined leadership strategy focuses on four core global businesses: Oral Care, Personal Care, Home Care and Pet Nutrition.

Around the world, Colgate people all work together to succeed in:

- Driving Growth
- Funding Growth
- Becoming the Best Place to Work

Our long history of strong performance comes from absolute focus on our core global businesses, combined with a successful worldwide financial strategy. This financial strategy is designed to increase gross profit margin and reduce costs in order to fund growth initiatives and generate greater profitability.

Target Market

Colgate Pakistan considers the whole population of the country as its target market. However, for different sorts of consumers, it has developed different flavors and tastes in the tooth paste sector especially. Colgate Anti-cavity protection tooth paste is basically designed to remove the cavity on teeth and for fresh breath. Colgate Fresh Stripe Gel is for whitening teeth with fresh breath. Target market for its Herbal white is nature sensitive users. Users that want whitening of tooth paste through natural ingredients. It not only whitens your teeth but also gives you a feeling of fresh breath. Children of all ages can use it. Its Natural Herbs attracts all Nature Lover.

PRICE

The amount of money that one has to pay to buy the product is known as price. Price is the element in marketing mix that produces revenue while the other elements of marketing mix generate cost only. The company must set its price in relation to the value delivered and the value perceived by the customer. Being as a market leader in tooth paste industry Colgate sets its prices in view the product itself, target customer class and competitors product prices.

Pricing Strategies

Colgate has maintained the custom of launching the new product at low prices so that every customer can take a trial of the product.

Colgate changes its prices to meet the competition but only at that time when the prices of competitors decrease because of national change in prices. Every customer has to pay the same amount to buy the products of Colgate Palmolive in Pakistan. It means the company is following uniform delivered pricing strategy for all its products.

Before setting price Colgate considers the following

- Pricing objectives
- Importance of pricing for target customers
- Identifies the demand
- Estimated costs

- Competitors prices

PLACE/DISTRIBUTION

The process of making the product available to customers to right customers at right places.

Colgate is using in direct second level of distribution to make its products available to final consumers

Distribution channel always keep in touch with the target customer and competitors as well. They provide all the information ton the company which contains problems and competitors actions. The distributors have their own godowns in which they store the company's products. It is the responsibility of the retailer to provide the product to the retailer at his door step.

PROMOTION

Promotion is necessary to reach consumers with which Colgate interacts.

Promotion is communication used to inform, persuade or remind. Personal selling, advertising, publicity and public relations are the four key elements of the promotion mix. Colgate is targeting the whole population of Pakistan through advertisement. Company also introduces different promotion schemes such as discounts and 2 in 1. Colgate gives high emphasis on direct approach to customers. Its sales team visit citites after cities where they involve in experiments of tooth whitening. They try to satisfy their customers at the spot.

S. W. O. T. Analysis – Strategic Planning and Thinking

S. W. O. T. stands for Strengths, Weaknesses, Opportunities and Threats. The SWOT analysis provides us with an analytical framework for studying a Company's position and strategy.

Strengths and Weaknesses are internal factors of a Company. Opportunities and Threats are external factors. It allows you to analyze the different factors which affect the relative competitiveness of a Corporation. While SWOT is a useful tool to organize information, it is based on the subjective assessment of a situation. As such, as SWOT analysis is only as good as the information to goes into them.

Strengths

- Company's presence in 200 countries is its biggest strength
- Strong Corporate image of Colgate Palmolive
- Strong Financial Position
- Worldwide research and excessive emphasize on technology.
- Strong social image of the Company
- Well-established and renowned distributors
- Highly enthusiastic sales team
- More concern towards quality improvement
- A blend of scientific research with natural herbs

Weaknesses

Only emphasize on urban market while suburban and rural areas are neglected to some extent.

Colgate promotion budget is very less as compared to its competitors.

Opportunities

According to the information obtained by company marketing manager as well Chamber of commerce and Industry Karachi, and Pakistan Dental Association the market is growing rapidly. People are becoming more and more health conscious. Due to this growing market there are a lot of opportunities for Colgate to exploit this growing market by introducing new products. Due to shift from artificial components to natural things people are demanding products that are very natural. This trend is a good opportunity to capture this segment through efficient marketing practices.

Threats

Threat of the new entrance is also present. Unilever and Medicame is capturing market increasingly. Locally manufactured as well imported tooth pastes are also threat to Colgate in the competitive market. Market competition is also increasing day by day.

Competitor Analysis

Colgate Pakistan does not consider any brand as its close competitor in the market. Colgate is the only market leader in the oral care in Pakistan. P& G is its world wide competitor but P& G is not marketing its brand Crest tooth paste. However Unilever, Glaxosmithkline are having good contribution in

the market. Especially Close up is rapidly expanding its product line. But still imported close up is having better share as compared to locally manufactured close up. English laboratories (English tooth paste) and Roomi Entreprises with Sensodyne are also popular brands in tooth paste market. But Medicame and Synsodyne are categorized in the medicated tooth pastes. Colgate Herbal is unique in its formula and not any other brand is offering Herbal tooth paste in the market. Manjans and tooth powder are losing their importance and mouth washes may increase their current low share. However awareness about the mouthwashes is also increasing but still the trend has not set. Colgate is still market leader in oral care in Pakistan. Its brand image and its diversified products touch it a universal market leader in the oral care and personal care.

Conclusion

While concluding all the discussion, we would like to tell proudly that Colgate is not only world leader in oral care in the world but also in Pakistan. Colgate has given variety in its products and it has introduced so many flavors and formulas in its tooth pastes. Its brands are world class in quality. Colgate people emphasize on three fundamental values-Caring, Global Teamwork and Continuous Improvement-are part of everything they do. These values are the foundation for Colgate business strategy and are reflected in every aspect of their work life. Colgate brands are very popular in our society. Colgate is focusing on quality and innovation in oral care sector. Colgate Herbal tooth paste is an innovative step towards a tooth paste industry and Colgate is pioneer to introduce a product that is a blend of Natural Herbals

and Scientific research. Colgate will continue to improve its products through innovation and customer satisfaction.