

Brand building strategies for toothbrush – A case study with Colgate

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ABSTRACT

Typically in the Indian market the percentage of toothbrush users has slowly inched upwards. As it has always been associated by the non-users as a non-essential item more so because of their fierce loyalty to the margosa twig (Datu) and the index finger. The market of late has been the entry of several foreign players and the marketing game has assumed a totally new dimension.

Companies are trying to shift to "PULL" strategy of long term returns and the inclination of consumers to shell out a few rupees extra to ensure a more wholesome care of their teeth and gum. This has resulted in rapid growth in value terms. Added to this is the initiative of the companies to focus on expanding the market by bringing over 65% non-users in their consumer fold. With such vast potential to be exploited, the entry of several new players with their innovative ideas and experience in similar developing markets, the industry is likely to see a lot of action in the immediate future.

The overall response reflects a gradual move in the direction of the premium to super premium segment as it is once in three months/four months purchase, thus being successful in luring all customers (except the rural user who are a small minority of the Market) to try out the ones that are placed at a higher price on account of their trendy looks and overall appeal of style and splendor.

The present day brushing habits of the Indian society as a whole leaves a lot to be desired - 41 toothbrushes are sold for every 100 persons per year! Total units sold add up to a little over 400 million, growing at the rate of 10% p.a. in volume terms and 25% in value terms. This implies not much inroad has been made into the rural and semi-urban market.

Keywords: Toothbrush industry, Competitiveness, Volume, brand varieties, new dimensions.

INTRODUCTION

Company Profile

A household name for paste and tooth powder, Colgate Palmolive (India) was established on 23rd September 1937 as a private limited company in Bombay, as a wholly owned subsidiary of Colgate Palmolive Co. Of USA. Initially it started with trading activity and later set up manufacturing operations in 1949 at Sewri (Bombay). The company became a public limited company on 5th October 1978. In 1990-91 the company commissioned facilities for fatty acid and toilet soap at Walunj (Aurangabad). The plants at Sewari and Walunj manufacture oral care products like dental creams, tooth powder, tooth brushes and personal care products like toilet soaps, shampoo which is marketed under various brand names such as Colgate, Palmolive, Halo, Protex and Charmis. The company's distribution network covers 1700 stockiest and 4,50,000 retailers with ware house facilities in Mumbai, Calcutta, Delhi, Hyderabad, Lucknow and Madras (and a new addition at Faridabad). The company has its own Research and development facilities and had also been getting the R&D benefits of the parent company. It has a well established quality Control Department at Sewari & Walunj. For 40 years, since inception till 1978, Colgate was carrying on its business in India with a paid up capital of Rs. 1.5 lakhs made up of 1500 equity shares of Rs. 100 each, until it was increased to Rs. 1.96 crore by a bonus issue in the ratio of 130:1. To comply with the FERA regulations, Colgate Palmolive, USA diluted its share holding to 40% in the Indian company, through an offer of sale to the Indian public in October 1978. Following FERA relaxation, the foreign shareholding was increased from 40% to 51% in September 1993.

Colgate Palmolive (CP) is a global leader in household and personal care products. In 2009, it had sales of \$ 15.3 billion and a gross profit of \$ 2.76 billion, its worldwide R&D expenditures were \$ 114 million and media advertising expenditure totaled \$ 428 million.

Colgate Palmolive's five year plan for 2001 to 2005 emphasized new product launches and entry into new Geographic markets, along with improved efficiencies in manufacturing and distribution and a continuing focus on core consumer products. In 2001, \$243 million was spend to upgrade 25 of Colgate Palmolive's 91 manufacturing plants, 275 new products were.

Introduction

As early as 3000 B.C. Egyptians used toothbrushes fashioned from twigs. In the 20th century a major design advance occurred in 1938 with the launch of Dr. West's Miracle Tuft toothbrush, the first nylon bristle brush. Until the late 1970's toothbrushes were widely viewed by consumer as a commodity and were primarily purchases on price. The involvement remained low and the companies also treated their toothbrushes as an extension, to get their consumers to use their toothpastes.

OBJECTIVE OF THE STUDY

It is said that an objective well defined is half done. Thus in order to make sure that the proper survey ensures defining clear-cut objective and outline is a prerequisite. Objective serves as torchlight in a project. It lays down a well-defined path between start and the end and that is the goal. It is an action, a purpose, which is directed to a person to conduct a

study. It represents a fact having actual existence of outside the mind or a goal for which the study is to be conducted.

The Objectives of Study are

- To study all a general idea of the toothbrush industry - its competitiveness, volume and potential was to be adjudged.
- The study of Colgate Plus toothbrush, as a typical product of the company, Colgate Palmolive and its standing in the market vis-à-vis other players, especially new entrants.
- To amalgamate all above to conclude as to what was to be the future/probable course of the toothbrush industry and Colgate Plus tooth brush in particular.

RESEARCH METHODOLOGY

Whether it is an army attack to the enemy air base or the way to the theme park we have to proceed in a very cautious and a planned way. One mistake could give us heavy losses. We know what to do, how to do in a perfect way and what should be the procedure so that we are not lost in a way is dwelled by methodology adopted.

In dealing with any real life problem it is often found that data at hand is adequate, hence it becomes necessary to collect data rather appropriate.

There are several ways of collecting data while doing the project or any survey. In this project, I have collected from two sources that are:

1. Primary sources
2. Secondary sources

Primary Source

I have gathered information about project from the interaction with the people. The sampling method used was basically convenience sampling and most of the calls made were cold calls made on the generated database of recipients of other companies.

Secondary Data

The secondary data, I have collected from the various websites of reliance money, various journals, magazines etc.

The methodology adopted in the procedure followed in order to give the projects its shape is:

- Gaining information from files, documents, folders and soft copy stored in system.
- Seeking information from the staff and taking their views in consideration.
- Browsing the website of various financial institutions and BSE and NSE for the necessary information required.
- Finally compiling the primary and secondary data gathered, then making a study of option available.

Sample Design

“A sample design is a definite plan for obtaining a sample from a given population. It refers to the technique or the procedure the researcher would adopt in selecting item for the sample.”

Generally Sample designs are two types-

1. Probability Research Design
2. Non probability Research Design

“I used the probability research design.”

Sampling Units:-

Sampling unit may be a geographical one, such as state, district, village etc. The researcher will have to decide one or more of such units that he has to select for his study. In my research Byculla is a sampling unit.

Size of Sample:-

“This refers to the number of items to be selected from the universe to constitute a sample”
sample size is 50.

LIMITATIONS

- As only Byculla and nearby areas are dealt in survey so it does not represent the view of the total Indian market.
- Size of the research may not be substantial.
- There was lack of time on the part of respondents.
- The survey was carried through questionnaire and the questions were based on perception.

Company strategy - oral care and toothbrush industry in particular

“Volume is the key” says Richard Usuquen, VP Marketing Colgate Palmolive (India) Ltd. to expand the market in all ranges. CP has an ongoing RURAL VAN PROGRAMME and SCHOOL PROGRAMME covering 14 million villages and 80 million consumers; teaching people to brush or even clean their teeth with the fingers. CP’s action is centering on finely balancing the urban market (59.5%) and rural markets (68%). So while the company has introduced such premium packaging as stand up toothpaste tubes with flip-up caps in the urban market, it is also selling sachets of Colgate dental cream at low prices.

This focus on volumes is also evident in the toothbrush market, estimated at 400 million units per annum. CP is the toothbrush leader in India with an approximately 60% market share, but since 2005, it is facing challenges from HLL which has already garnered 8% market share.

Usuquen says “The penetration of brushes in India is very low, so more than market share, it is important to grow the market”. To that end CP has actively introduced line extensions across all three segments - economy, middle and premium since last year. At the entry level

it has adopted the sleeve packaging, with no individual cases. The focus is on driving volumes through the price-sensitive segment. The mid-price market has been the introduction of the HIGH KLEEN range, while the upper end has seen the zig - zag and Double - Action launches.

For the economy segment, a price focus has been adopted. On offer are five toothbrushes each from the CP and Cibacca stables to rural consumers, at prices low enough to generate trial. For the urban market, the focus is on maintaining novelty value by introducing new variants and added features.

“Whatever is new, people buy. So the idea is to accelerate choice through a variety of product features”.

Differentiation & positioning

In the toothbrush market which is heavily cluttered both in terms of brand varieties and corresponding messages and constant hammering of almost similar USP's it is very difficult to differentiate and position a product as mundane as a tooth brush in the consumers mind to persuade him to become a loyal user.

Positioning in tooth brush market done at various levels

Product: Design differentiation like angular neck, dolled rubber grip, rigged edges and design of bristles, convenient head shaper etc. These work only in upper segment, which is willing to pay a premium for added attributes. Colgate Plus has a unique diamond shaped head & soft outer bristles.

Packaging: Cardboard cartons, transparent blisters, hanger shaped hooks, coffin packing (storing when not in use). In a blister pack, packaging makes up to 40% of cost. Colgate Plus comes in transparent blister pack with a hanger shape hook.

Price: By super premium pricing one can give a perception or aura of technical superiority/high quality to a brush Jordan, Oral - B, Close Up Contact have followed this route. Or one could take value for money route to target large families and heavy user economy pricing for market penetration especially in rural markets.

Colgate plus has positioned itself in lower end of super premium category.

Recommendation / Reliability: Oral - B has its USP as the tooth brush most dentists world wide use & recommend - One could go for celebrity endorsement in cosmetic segment but it's not at all an effective strategy in a low involvement product like toothbrush.

Colgate world - wide has an image of brand for committed to public oral care and hence its association with a dentists and the 'ring' of protection & confidence.

Positioning Colgate Plus as a higher quality product in the "Professional" segment was an intelligent move as it prevented cannibalization of its other brands like Colgate Classic.

Branding: Colgate is a brand having a cult following. It worldwide reaches and association with dental health has made it a brand associated with a caring attitude, providing quality oral care to masses at an affordable price.

Colgate is No. 1 brand in Indian Market the three consecutive surveys by A & M magazine. So, while launching the new toothbrush, it was imperative to keep “Colgate” as a part of the name and incorporate something that could justify the increment in price. As modifications in the form of an entirely new category “diamond head” was introduced, it was ideally decided upon a name that promised to deliver something extra, additive, etc. “Plus” was thus added on.

Marketing mix

Product: Product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a need or want.

The product can be looked at five levels:

The Core product is the essential service that the buyer is buying. In this case it is Oral care.

The Generic product is toothbrush.

The Expected product is a set of attributes that the buyer expects to get in this case being, efficiency of cleaning, thoroughness in cleaning and care of gums.

Augmented Product is that what is provided by the seller beyond the expected product attributes i.e. those attributes that seek to distinguish the product from others in its category. Colgate Plus is put across as a complete dental care product. It uses its diamond shaped head, soft outer bristles, hard inner bristles and accreditation by the Indian Dental Association as its USP's.

Potential Product refers to set of possible new features that might eventually be added to the product being offered. Toothbrush as a product does not offer much scope beyond changes in design and material/ shape of bristles. Design changes are usually made on grounds of aesthetics, handling and efficiency in cleaning. Colgate Plus has recently introduced Colgate Plus Zig Zag on the grounds of efficiency in cleaning.

Packaging: Packaging provides one with means and scope of differentiating in relatively homogenous product market. Packs have graduated from cardboard cartons to blister packs to let the consumer pick the color of his choice. Some like Pepsodent Perfect and Colgate Plus come in hanger shaped hooks on the blister packs because most small sized retail outlets lack the shelf space required to dangle peg-racks.

The pricing depends a lot on the packaging and advertising. In a blister pack, the product makes up 60% of the cost, packaging the rest. A coffin pack, where the brush can be kept back after use, inflates the packaging cost. While these ‘hygiene packs’ do prevent the toothbrush from accumulating dust, they end up with a double layer of packing, the outer one indicating mandatory product details.

Place: A marketing channel performs the work of moving goods from producers to consumers. It overcomes the time, place and possession gaps that separate goods from those who want them.

The decisions regarding distribution channels are a very crucial part of the marketing of Fast Moving Consumer Goods (FMCGs) more so because of tooth brush being a low price

product with negligible brand loyalty, no Consumer would be willing to walk more than 2 km to procure a tooth brush and would accept, without much hesitation, any toothbrush thrust upon him by the shopkeeper. So the markets has to make extra efforts to ensure easy availability of this low involvement product, which is s no easy task in a country of the size & diversity as that of India.

Channel decisions have important implications for other elements in marketing mix.

Colgate Palmolive had to design a distribution strategy which would best attain following channel objectives.

- Achievement of greatest possible coverage of the target market.
- Ensuring that the consumer can easily procure the toothbrush (Under no conditions stock out can be allowed.)
- Maintaining mutually beneficial relationship with the retailers since tooth brush is basically push marketed.

Promotion: The discussion of marketing mix elements cannot be complete without analyzing the promotional strategy of the company. In a low investment category, where there is hardly any individual who can call himself “brand loyal” and most of them happy with whatever toothbrush they can lay their hands on, without caring too much about price, a marketing effort to ensure an optimum push and pull combination and an impact presence in the consumers mental frame is a must. However, because of the callous attitude with which consumers purchase a tooth brush, too much marketing effort in one direction or some particular defined directions without immediate appraisal does not make sense, more so because of the low turnover to promotional expenses. It simply does not make sense to spend 20% extra on promotion to gain 0.2% extra market share. In view of the above, Colgate Plus has been very selective about its campaign and has moved between mediums very slowly.

Advertising campaign: Colgate Plus launched in the U.S. in 1985, was introduced in India in 1987 and was among the very few players in the premium segment. “Colgate” brand name was capitalized upon with the diamond shaped head being shown as the ‘hero’ in oral care and all set to take on the toothbrush market. As competition intensified it shifted its focus on softness and comfortable feeling with efficiency in cleaning plaque. The advertisements were screened on Doordarshan and in leading magazines. They were targeted to the family as a whole, very much like the strategy for other Colgate products. The focus gradually shifted to soft outer bristles and hard inner bristled to ensure a caring approach to gums and meticulous cleaning. The tagline used was “Because your smile was meant to last a lifetime”.

Throughout its advertising strategy planning, Colgate Palmolive relied on nonprofessional agencies. The account is currently handled by “Reinfusion.”

Marketing Strategy

POP: The company provided danglers, small posters and hooked/dispenser packing to its retailers. These were particularly splashed across retail outlets during the discount periods with “Red & Yellow” color combinations to ensure high rate of impulse purchases.

However, besides the discount offers, no other POP display means made much of an impact in terms of increase in sales.

Health Mela: Colgate Palmolive organizes a ‘Young India Dental Health melas in select cities where free checkups and free sample distributions of toothpaste and toothbrushes are done. This aims at achieving a three pronged strategy of

- Increasing dental care consciousness
- To create a good brand recall of Colgate oral care products
- To increase the company’s image as a socially responsible entity.

Keeps India smiling: Ad campaign - In a break from its earlier attitude of only ascribing to its oral care image. Colgate joined the list of companies basing their campaigns on the 50 years of independence. They launched a “Vande Mataram” series of campaigns with people from all walks of life coming and sharing their experiences on how the times have changed for the better following it up with “Vande Mataram”. The small snippet was followed up with Colgate being flashed in the form of a smiling face, emphasizing both its attachment with the growth and development of the Nation and its contribution in keeping India smiling for the last 50 years thus striking both an intellectual and emotional chord. The snippets were strategically screened in key media slots.

Sponsorships : Though Colgate oral care products have not been witnessed to promote any large scale events, Colgate has often associated itself with TV serials based on social and family themes e.g., Hum log and Buniyaad - thus re-emphasizing their positioning as family products.

Though not all of the above specifically emphasized the promotion of Colgate Plus toothbrushes, they are conclusive image building exercises for the company as a whole and aimed at highlighting its supremacy and commitment to the ‘oral care sector’. As such it automatically translated into an image building exercise for the toothbrush category as well.

Pricing: Generally the most important of all the P’S in a developing country like India where semi-urban and rural population constitutes, a massive portion of the total market, has to be decided upon after contemplating on all the aspects related to the market and the product itself.

For a product like toothbrush, the major cost is that of packaging (about 40% of total), the rest being spread over the bristles, the nickel silver wire holding the tufts in place and on the body of the brush.

The prices of toothbrushes have taken a quantum leap. The costliest toothbrush in 1986 was Rs. 4/- which is today in the range of Rs. 25/-. Thus we have seemed a major jump in value sales vis-à-vis volume sales.

Colgate Plus when it was launched in 1987 was introduced as a champion product to become the ‘hero’ of the toothbrush market meant to ‘keep your smile forever’. It promised to deliver more than the rest and was priced accordingly and soon became a major player in the market. At that time it was playing against ‘Jordan’ and ‘Royal’, both of which were being imported. Gradually as the market expanded, with the several new players coming in, Colgate Plus

continued to be the top most brands of the players till Oral - B, Aquafresh, Forhans Galaxy came in. So right now Colgate Plus priced at Rs. 18/- is behind Close Up Confident (Rs. 19.75/-), oral- B (Rs. 20/-) Forhans Galaxy (Rs. 22/-) and Aquafresh (Rs. 25/-). As such it is at the bottom level of the Super Premium segment along with Johnson's Reach (Rs. 18/-) Jordan (Rs. 19/-), Forhans Zest (Rs. 18/-) trying to deliver more value for money.

The strategy can be said to be working well as Colgate Plus, as of today is the market leader both in terms of volume and value share.

SWOT Analysis

Strengths:

1. Colgate continues to be the number one brand in consumer perception as per A& M survey of the last four years.
2. Colgate products are perceived as a champion of the oral-card industry.
3. Advantage of better penetration, and better presence in the consumers' mental faculties.
4. Massive retailer network and strong supply base.
5. Image of a 'company committed to complete dental care of the whole family'.
6. Market growth of more than 25% in value terms.

Weaknesses:

1. Lacks the universal appeal and accreditation of worldwide players like ORAL-B, AQUA-FRESH etc.
2. Has not been able to penetrate the rural segment in volume terms.
3. No regular system of feedback or appraisal of the sale status of its toothbrush.
4. Market growth of 10% in volume terms.

Opportunities:

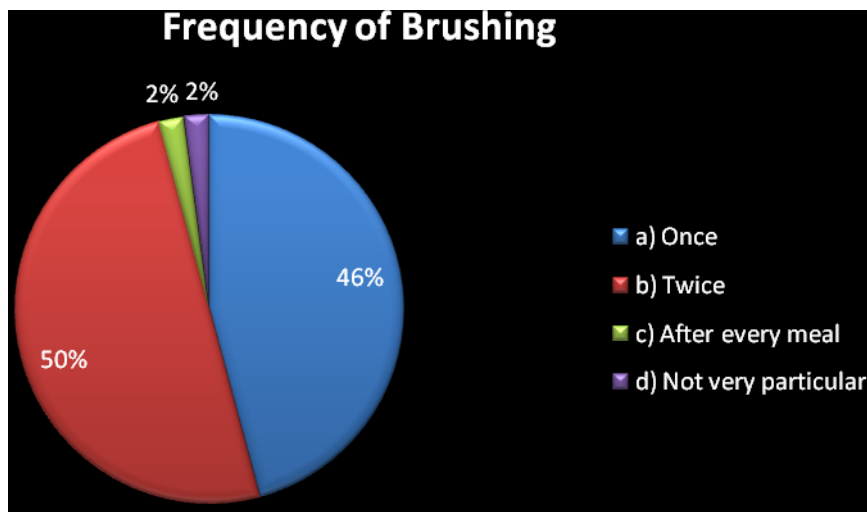
1. Any 'PUSH' can be easily and quickly affected n account of its widespread presence.
2. Doing a 'NIRMA' to the toothbrush market is something Colgate is quite capable of, given the base and vision that the company commands.
3. Investment into R&D and the sales campaign so as to affect a strong long term pull can transform the nature of the market completely as not one has acted in this direction so far.
4. With the average semi-urban/urban consumer ready to shell out this extra bucks it pays to go n for technological innovations and addition of utilities to this low involvement product which has to so far been centered only around cleaning of teeth.

Threats:

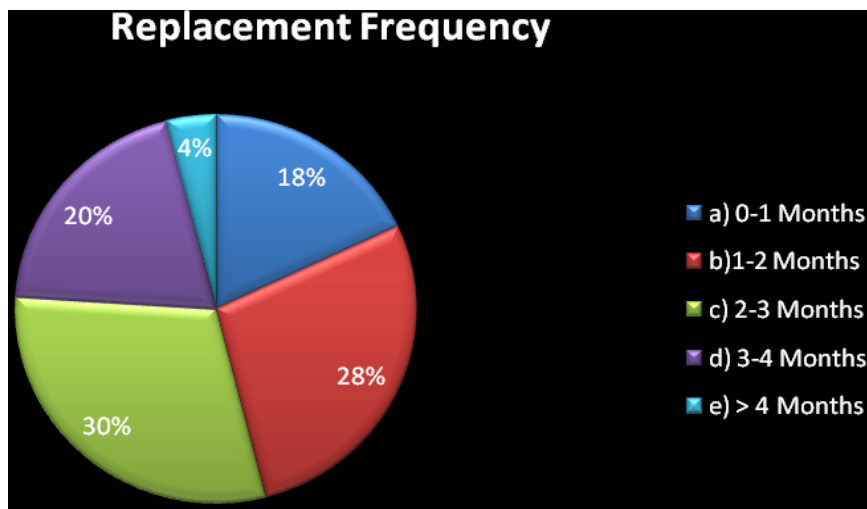
1. Foreign brands like AQUA-FRESH, ORAL-B, JORDAN, etc are trying to take the course of the market to different dimensions.
2. The low margins being offered might go against the prospects of Colgate plus in case some player in the lower segment starts offering high margins.
3. Low Involvement category and poor brand loyalty - susceptible to sudden large scale switching in a very short span of time.

FINDINGS

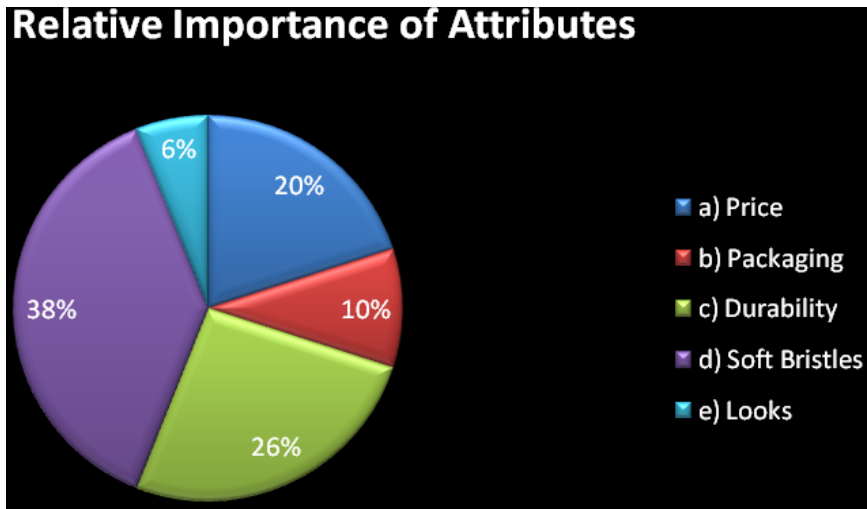
1. Frequency of Brushing



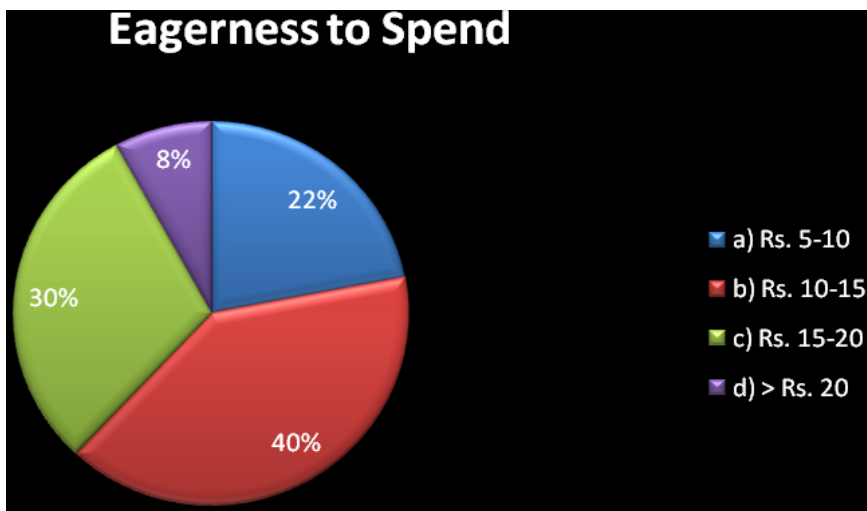
2. Replacement of Frequency



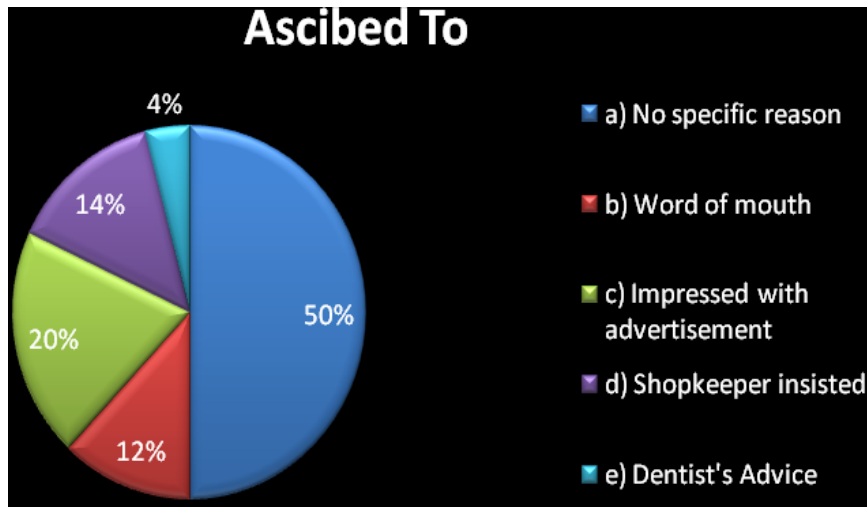
3. Relative Importance of Attributes



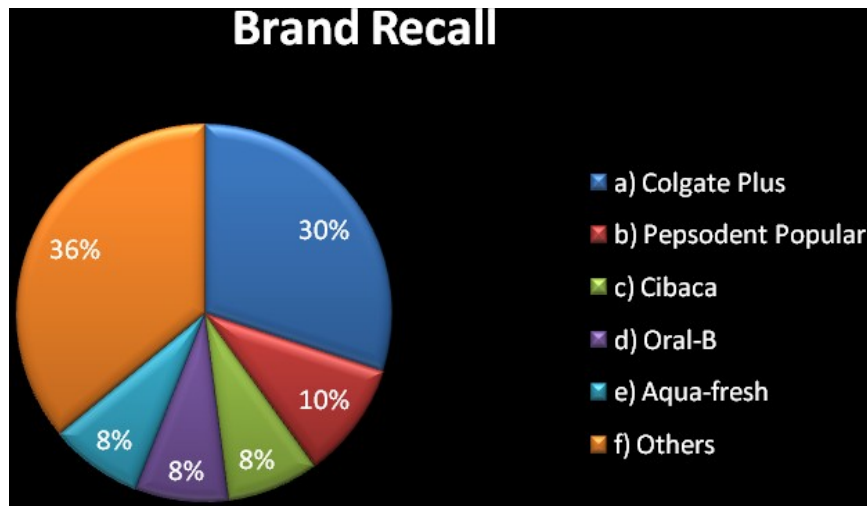
4. Eagerness to Spend



5. Ascribed To



6. Brand Recall



CONCLUSION

The present day brushing habits of the Indian society as a whole leaves a lot to be desired - 41 toothbrushes are sold for every 100 persons per year! Total units sold add u to a little over 400 million, growing at the rate of 10% p.a. in volume terms and 25% in value terms (difference explained by the shift to upper end of the market). This implies not much inroad has been made into the rural and semi-urban market. Non-users constitute about 65% of total population.

Out of their stable of marketing strategies, advertising till now had been low priority for the players (this was confirmed in our survey as 88.9% of respondents don't recall the ads). This

indicates companies find it formidable to change the low involvement level psyche of consumers and the route of aggressive sales promotion by way of price offs, POP displays, tied sales and generous trade margins still hold the key to increasing off take of toothbrushes.

No one has made a serious attempt in the virgin territory of 65% non-users (CP's Rural Van Program is a recent drive). The thought of doing a Nirma to the toothbrush market has escaped everyone.

Despite packaging constituting a substantial (up to 40%) of the cost of a toothbrush it has found to have influenced the purchasing decisions of the buyers. In our survey consumers corroborated to this effect (refer to the survey findings). Companies could rethink their strategy of increasing differentiability by packaging and instead invest in product development for the same.

SUGGESTIONS

Some possible product improvisations

- Attached straight tongue cleaner cased in the toothbrush handle.
- Cartoons character printed on the handle to attract kids.
- Casing the toothbrush (for kids) in a toy form.
- Neck with adjustable handle.
- Get a certificate by the Indian Dental Association (IDA) for the toothbrush, like the Colgate Calciguard Toothpaste.
- Segregate the toothbrush types for different age groups, e.g.,
- Children - Thicker handle for better grip, bright colors and cartoons printed on the handle.
- Adults - Simple designs and sober and decent colors.

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