



FCB+ULKA

COMSTRAT 2006

Colgate Cibaca

The Road Ahead...

Note: All information in the case has been garnered from sources in the public domain. This case has been developed for purely academic purposes, and is not in any way the intended or actual plan of Colgate Palmolive India.

Case Outline

The Rs. 2,200-crore toothpaste market (the largest oral care segment), grew a robust 10 per cent in value in 2000. But this wound down to 2.4 per cent in 2001. In the first six months of 2002, the market for toothpastes in fact shrank by around 5.7 per cent in value; in volumes terms it was much higher at 11 per cent. The going was tough for the oral care industry.

Little wonder that teeth were bared between the market leader, Colgate Palmolive, and the challenger, Hindustan Lever, as the marketing war between the two FMCG giants for protecting market share got tough.

As if that was not enough, these players found new aggressive competition coming their way from regional low priced competitors such as Anchor Healthcare & Ajanta India, who priced their offerings at over 40% discount, giving market leaders a run for their money

These low priced competitors accounted for more than 80 per cent of the growing 'discount segment'. It looked as if the multinational companies were helpless against challenger brands.

But then the big boys struck back, Colgate revitalized one of its existing brands, Cibaca as Colgate-Cibaca. It was to act as the price flanker brand in the portfolio. Ditto by HLL with Aim. At prices similar to the low priced challenger brands it took the battle right into their turf. The market dynamics changed. Within a year, Colgate Cibaca managed to garner whopping 50% of the market share in the discount segment and established Colgate's supremacy once again. HLL's Aim however could not match the success and was subsequently withdrawn from the market.

Today not only has Colgate's flagship brand grown, but Colgate Cibaca has risen to become the 4th largest paste brand in the country in volume terms after Colgate Dental Cream, Pepsodent and Close-Up (in fact Colgate Cibaca is now #2 in some geographies).

It is interesting to note that Colgate Cibaca became big without any intensive communication support. It relied more on trade level activities and below the line strategies for its success.

However the journey for brand Colgate Cibaca has just begun. Having come up this far, Colgate now aims to move Colgate Cibaca to the next level of growth; hence a new strategy.

The challenge is to build the brand without cannibalizing Colgate.

1. Industry Overview

India is still a nascent country in dental hygiene, with the majority of the population still not having access to modern dental care but relying on substances like coal ash and neem sticks.

In India, per capita toothpaste consumption stood at 74g in 2005, which is amongst the lowest in the world, compared to 350g and 300g in Malaysia and Vietnam respectively.

Toothpaste enjoys a country wide penetration level of 50%. The penetration levels of dentifrice in the country have been on an upward trend over the last few years driven by strong improvements in toothpaste penetration

Table 1.1: Toothpaste Penetration

	All India	Urban	Rural
Penetration %	50%	75%	39%

Source: NRS 2006

With the huge consumer base waiting to be tapped and the expected rise in purchasing power as the economy picks up, oral hygiene in India may receive a fresh lease of life.

2. The Toothpaste market

Oral hygiene continues to be under aggressive competition, with sales increasing by a modest 3% in current value terms in 2006 to Rs. 2,400 crs. Toothpaste accounted for a whopping 83% of value sales.

Table 2.1: Toothpaste market in value (in Rs. crs.)

Period	Urban + Rural	Urban	Rural
Apr-Mar04	1897	1340	556
Apr-Mar05	1950	1386	565
Apr-Mar06	2009	1414	594

Table 2.2: Toothpaste market in volume (in tonnes)

Market volume trends	Urban + Rural	Urban	Rural
Apr-Mar04	77320	53791	23529
Apr-Mar05	84501	59172	25329
Apr-Mar06	86562	59922	26640

Source: AC Nielsen Market Information Digest India 2006

Table 2.3: Value - Zone Wise (in Rs. crs.)

	North Zone	East Zone	West Zone	South Zone
Apr-Mar06	486	335	543	645
% wise	24	17	27	32

Table 2.4: Value - Town Wise (in Rs.crs.)

Total market value Town class	Metro	Class1	Others
Apr-Mar 06	561	386	467
% wise	40	27	33

Source: AC Nielsen Market Information Digest India 2006

Long term growth drivers

- Improving penetration
Through better distribution and conversion from other modes of oral care
- Increased usage
Improved per capita consumption through increased usage frequency
- Population growth
An annual 1.5% increase in population will help broaden the user base for oral care.

3. Segments in the Industry

Price-based segmentation of the toothpaste category

On the basis of price, the toothpaste market can be broken down into two distinct categories:

The Regular segment: Volume (64,922 tons)		The Low price point segment: Volume (21,641 tons)	
Price range		Price range:	
50 gms	Rs. 12.5-24	50 gms.	Rs. 8-10
100 gms	Rs. 25-30	100 gms	Rs. 14-20
150 gms	Rs. 35-45	150 gms	Rs. 25
Prominent brands:		Prominent brands:	
<ul style="list-style-type: none"> • Colgate • Pepsodent • Close-up • Meswak • Dabur Red 		<ul style="list-style-type: none"> • Colgate Cibaca • Babool • Anchor • Ajanta 	

Source: B&K Report 2006– Colgate Pamolive India

Low Price Point Segment

The Lower Price Point segment accounts for around 25% of total category volumes

This segment offers good value for money and has seen its volume market share increase from 10.7% during 2000 to current levels.

The entire category is characterized by intense competition in both the price segments.

Threats from smaller brands in the low priced segment

Small and regional brands from the low priced segment are expected to perform well because they are often close to the market, respond faster to changes and are willing to learn from mistakes.

Industry analysts believe that the new threat will come from smaller players who have embraced a different kind of business model with a different value proposition. These include regional brands and private labels.

Regional brands typically take on well-known, established brands by pursuing a flanking strategy which can be of two types – geographical or need-based.

In a geographical attack, the challengers identify regions where the opponent is underperforming. The other flanking strategy is to serve unfulfilled market needs. The smaller brands have also started delivering on the quality front.

4. Key Players

The toothpaste segment is largely a two player industry, Colgate Palmolive & HLL accounting for 80% of the entire market

Table 4.1: Company Share (Value)

Period	Colgate Palmolive	HLL	Dabur
Apr-Mar06	47.3%	30%	7.2%

Table 4.2: Company Share (Volume)

Period	Colgate Palmolive	HLL	Dabur
Apr-Mar06	48.8%	27%	9.1%

Source: AC Nielsen Market Information Digest India 2006

4.1: Colgate – the dominance continues

Colgate has been present in the domestic oral care market for the last 70 years and its oral care brands enjoy strong brand equity in the market.

The company has traditionally been the leader in the domestic oral care market. Currently, it occupies a dominant position in the toothpaste segment with a 48% market share in the domestic market. Its relative market share is 1.5 times the second largest player.

Cibaca was acquired by Colgate in 1994 from Ciba Geigy. The company today has two main brands in the toothpaste segment – Colgate and Colgate Cibaca.

Faced with tough competition from HLL during early 2000, Colgate made a slew of successful new launches to protect its market share namely Colgate Herbal, Colgate Gel & revitalized Colgate Cibaca Top (in the low price segment).

The company has continuously relied on innovations to stay ahead of the competition. It launched 3 new innovative variants during the course of FY06.

1. Colgate Active Salt – Which capitalises on the traditional use of salt for oral care.
2. Colgate Advanced Whitening –Which contains microcrystals that polish ones teeth, restores and maintains their whiteness.
3. Colgate MaxFresh Gel – An innovative gel-based toothpaste with cooling crystals.

Table 4.1.1: Current Brand portfolio: Toothpaste

1. Colgate Dental Cream	7. Colgate Active Salt
2. Colgate Total	8. Colgate Fresh Energy Gel
3. Colgate Herbal	9. Colgate Max Fresh
4. Colgate Kids ToothPaste	10. Colgate Cibaca
6. Colgate Advanced Whitening	

Strong distribution

The company has backed its products with a very strong distribution network. The company's distribution network covers 940 direct accounts and 3.8 million retail outlets. Colgate is the 2nd most widely distributed product in the country. The company is tying up with initiatives like E-Choupal and Disha to further strengthen its distribution network.

Tremendous brand equity

Over the years, Colgate has been able to develop strong brand equity. It has been voted the “The Most Trusted Brand” in the country for 3 consecutive years in the AC Nielsen Brand Equity Survey.

4.2: HLL – the challenger

In the late 1980s, Hindustan Lever used the novelty element in gel toothpaste to make steady inroads into Colgate's dominance in the oral care market. Its gel toothpaste, Close-Up helped HLL become the second largest paste brand; posing a stiff challenge to Colgate.

However as the novelty of gel toothpastes wore off, HLL renewed focus on its other brand Pepsodent to help it protect its turf.

Its attempt at offering a low priced brand Aim was not completed and the brand was subsequently pulled back after launching it in early 2000

Both Close Up and Pepsodent have a combined market share of 30%

The current brands offer distinct propositions; Close Up addresses the youth with new benefits and value-driven propositions, whereas Pepsodent is firmly entrenched on the family health platform with variants catering to oral health.

Table 4.2: Current Brand portfolio: HLL

Close Up	Pepsodent
Close-up Active Gel (red) with Vitamin Fluoride System	Pepsodent Gumcare
Close-up Lemon Mint	Pepsodent 2 in 1
Close-up Milk Calcium	Pepsodent Complete 10
	Pepsodent Whitening

4.3: Dabur – Growth through acquisition

Dabur has managed to grab a 7.2% market share with the acquisition of Balsara’s oral care brands: Babool, Promise and Meswak in addition to its own brand Dabur Red (targeted to capture consumers shifting from toothpowder to toothpaste).

5: Top 5 Brands

5.1 Colgate Dental Cream



Colgate Dental Cream is the most widely distributed oral care brand in India has a market share of 34% in value terms. It was revitalized in 2003 with an improved germ fighting formulation. Its anti-bacterial ingredient has been boosted to offer superior germ fighting efficacy.

These improvements come in addition to its calcium and minerals formula that helps repair weak spots on teeth and locks in additional calcium and essential minerals to make teeth stronger than ever before.

5.2 Close-Up Active Gel



Launched in 1975, Close-up was the first gel toothpaste in India. It has since then undergone periodic relaunches.

In 2004, Close-up was relaunched with a bang. And this time it was packed with the power of Vitamin Fluoride System – a powerful mix of Vitamins, Fluoride, Mouthwash and Micro whiteners, the perfect combination of ingredients for fresher breath and stronger, whiter teeth. Close-up is now the first Gel toothpaste with Fluoride in Indian Market. Current market share stands at 14%.

5.3 Pepsodent Complete 10



Pepsodent, the second offering from HLL with a market share of 11% was launched in 1993 and was the first toothpaste with a unique anti-bacterial agent to address the consumer need of checking germs even hours after brushing.

Pepsodent has always been regarded as a mother's oral health care ally and has been associated with inculcating good dental habits amongst kids. Currently the brand is championing night brushing habits amongst kids through its latest TV commercial. The thrust is on making brushing at night a fun activity for kids. The brand plans to continue with its initiatives to promote healthy brushing habits.

5.4 Colgate Cibaca Top



Colgate Cibaca Top is currently the fourth largest brand with 5.7% market share. (Please see Page 9 - 5.9 for details)

5.5 Colgate Fresh Energy Gel



The Company launched new Colgate Gel Toothpaste in 1991. Colgate Fresh energy contains icy cool gel which leads to mouth coolness and minerals which make teeth stronger. It has a market share of 3%.

The Colgate Fresh Energy Gel advertising campaign launched in 2001 used an innovative catch phrase – “Talk to Me” and used television, outdoor and online media to connect with the youth. The company continued to build on its highly successful campaign and re-launched it with a new flavour in a transparent tube, a first for the category in India.

Other brands

5.6 Anchor



Anchor belongs to Anchor Health and Beauty Care (AHBC), a part of the Anchor Group (makers of Anchor Electrical switches).

Anchor forayed into the FMCG market with the launch of Anchor White Toothpaste, which was positioned as India's first British Dental Health Society certified 100 per cent vegetarian toothpaste, in 1997. In fact this proposition had so strong a consumer-pull that by 2002 it was the number three toothpaste brand.

In 2006, Anchor decided to directly compete with Colgate Dental Cream, thereby differentiating itself from the LPP segment. It significantly upgraded its product bundle, both in terms of superior formulation (almost parity to CDC) claims and by the development of an All-round Protection sub brand. This is currently endorsed by Dravid with strong TV support.

5.7 Babool



Babool originally a Balsara product was acquired by Dabur last year. Babool straddles the economy and herbal platforms. Its natural toothpaste

contains ayurvedic and medicinal benefits of the Babul tree, 'Acacia Arabica'. While Babool still pursues an aggressive promo strategy on all its SKUs, it has also upgraded its bundle ever since the acquisition, by putting the Dabur brand on its pack and signing up Vivek Oberoi as a brand ambassador

5.8 Ajanta



Ajanta toothpaste is an offering from the personal care division of Ajanta Clock Manufacturing Company.

With aggressive pricing as its USP, the company decided to do a Nirma in the toothpaste Industry. Originally priced at one-third of a Colgate or a Pepsodent, Ajanta rewrote the rules of the game for oral care products. It targeted its offering in the low price, mass-market segment.

5.9 Colgate Cibaca Top



In the year 2000, Colgate revitalized Cibaca which was relaunched nationally in the economy segment as 'All New Colgate-Cibaca Top'. With the launch, Colgate entered a new price band - the economy segment.

Salient features of Cibaca Toothpaste

- First economy toothpaste from Colgate
- Initiative to maintain leadership of the growing low price segment and capitalise on equity of Colgate.
- Revitalised formulation for strong teeth and fresh breath.
- Features Colgate logo on the pack and tube.

5.10 Brand wise Market Share

Table 5.10.1: Brand Share (Value)

Brand Share %	Colgate Dental Cream	Pepsodent (all variants)	Close-up (all variants)	Cibaca Top	Colgate Fresh Energy Gel
Apr-Mar06	33.8 %	16.0%	11.0%	5.7 %	3.3 %

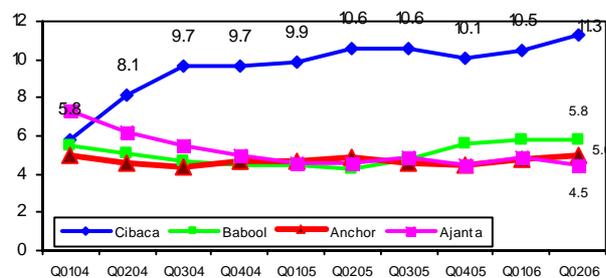
Table 5.10.2: Brand Share (Volume)

Brand Share %	Colgate Dental Cream	Pepsodent (all variants)	Close-up (all variants)	Cibaca Top	Anchor
Apr-Mar06	32.0 %	15.0%	8.5%	10.3 %	4.5 %

Source: AC Nielsen Market Information Digest India 2006

6 Cibaca's steady climb in market share

Despite relaunches by Anchor & Babool, Cibaca continues to strengthen its dominance of the Low price point segment in 2006



Source: AC Nielsen Volume Share

7 The Task

The task is to provide a comprehensive communication strategy **to take forward brand Colgate Cibaca without cannibalizing mother brand Colgate**. The strategy should cover the following areas -

- 1) Target Audience
- 2) Consumer understanding
- 3) Positioning
- 4) Communication and creative strategy
- 5) Media strategy

Please note: Quality of insights, analysis and recommended strategy will be given weightage. Media strategy and creative strategy should only be directional in nature. Detailed media plan and creatives **are not expected** as part of this case study. Assumptions made, if any, should clearly be spelt out in the proposal.

Rules and Regulations

1. Each team should submit a synopsis of their case analysis.
2. Please support your recommendations with requisite rationale and critical assumptions. Creative concepts/ renditions are not a part of this assignment.
3. The synopsis should not exceed **15 pages with a minimum font size of 10 and single line spacing**.
4. Only one entry per institution will be accepted. Participating teams should consist of three members.
5. The synopsis on the case should be submitted either through email to the i.d.comstrat@fcbulka.com or by post to FCB Ulka Advertising Pvt. Ltd., 4th Floor, Nirmal, Nariman Point, Mumbai 400 020, in an A4 size envelope, superscribed with the legend: FCB Ulka Comstrat 2006 Case Study Entry, Attention: Mr. Stevan Noronha . The last date for receipt of the synopsis is **17th November 2006**.
6. Please mention your email address and other contact details clearly on the synopsis to get in touch if required.
7. A shortlist of six teams shall be arrived at on the basis of synopsis received. The shortlist shall be declared on **25th November 2006** and posted on the website <http://www.fcbulkacomstrat.com/> and communicated to K. J. Somaiya Institute of Management Studies and Research, the institute partner for FCB Ulka Comstrat.
8. The six short listed teams will have to make a presentation to a panel of judges on **9th December 2006 between 2pm to 5 pm in Mumbai**

Annexure 1: Category Media Spends (in Rs. crs.)*

Period	Spends
March'04	575
March'05	570
March'06	866

April-March '06	Colgate Dental Cream	Pepsodent 10	Close-Up Active Gel	Colgate Advanced Whitening	Pepsodent Germi - Check
Total Spends	159	107	92	67	65
TV	157	107	92	67	65
Print	2	0	0	0	0

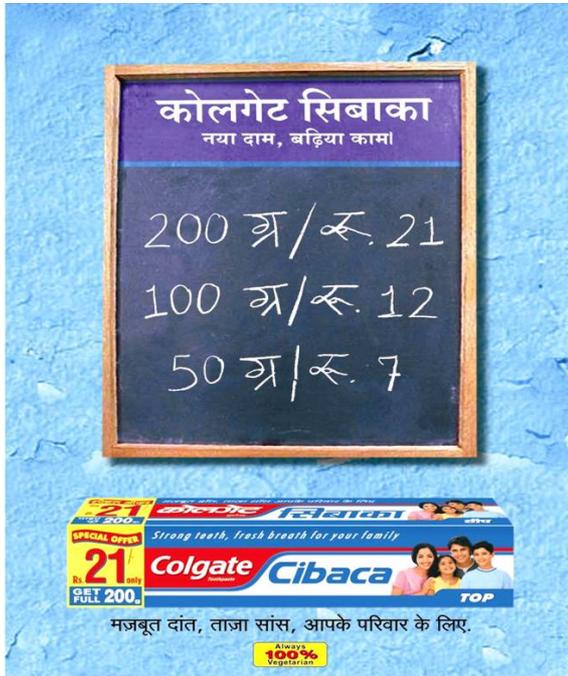
**(Unadjusted Media Spends)*

Source: AC Nielsen Market Information Digest India 2006

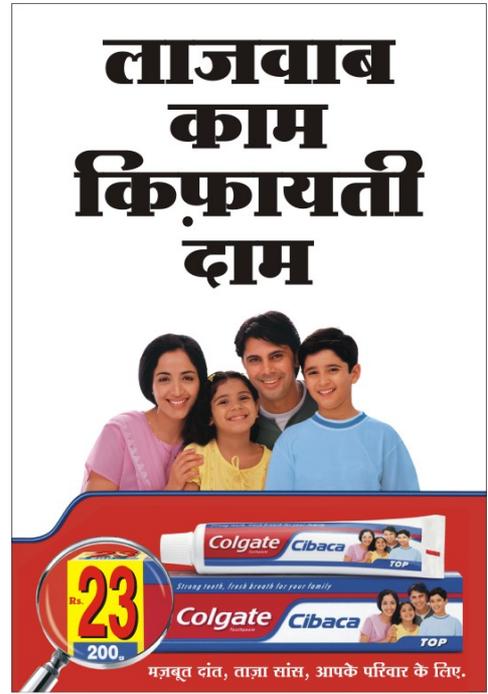
Annexure 2: Current Communication

Brand	Tagline	Proposition
Colgate	"Bhartiya dentists ki number one pasand."	Colgate is the expert (the last word) on dental care and provides you with 12 hour protection safeguarding you against 12 common tooth problems
Pepsodent	"Pepsodent, raat bhar...dishum dishum."	With Pepsodent on guard parents no longer have to worry because brushing with Pepsodent at night ensures protection of their children's teeth the whole night through
Close-Up	"Vitamin floride system wala naya Close-Up."	Vitamin fluoride has three fold benefits- whitens yellow teeth, freshens your breath and makes your teeth strong
Meswak	"Meswak toothpaste. Formula sirf Bharat ke paas hai."	Proud to use an Indian brand
Babool	"Subah Babool ki to din tumhara."	Babool's natural and sweet peppermint taste adds zest to your life and enables you to face life head-on
Anchor	"Naye zamaane ki nayi suraksha."	Advanced formula that protects one teeth from germs and keeps them strong

Annexure 3: Colgate Cibaca Communication



2004



2005