Colgate Toothpaste Market Analysis

Posted on September 17, 2018

Consumer Products

Colgate-Palmolive Company products, including Toothpaste, fall under the consumer products market. Consumer products are products bought by consumers for consumption. The Colgate-Palmolive Company offers different consumer products that are categorized as households, health care, and personal items. Colgate products include Colgate soaps, detergents, and toothpaste and toothbrushes. The Colgate Company line of products is of wide large of consumer products which include oral care, personal care, household care, and health care services (Colgate Website, 2018). The consumer precuts for oral care include toothpaste, toothbrushes, toothpowder, teeth whitening products, and mouthwash. The household products include dishwashing detergents. Personal care products produced by the Colgate Company body include soaps, and liquid hand wash detergents, and skin and hair care products. Also, Colgate Company provides health services that specialize in dental problems. The health care items and services include fluoride therapy, specialty in teeth cleaning, dental sensitivity treatment, mouth ulcer treatment services, and Gingivitis treatment (Colgate Website, 2018). Therefore, Colgate Toothpaste is a consumer product of convenience.

Industry and Customer Analysis

Colgate-Palmolive remains the global toothpaste market leader. In its first-quarter 2026 results, the company reported a 41.1% year-to-date global toothpaste market share and a 32.6% share of manual toothbrushes. The 47% revenue contribution cited for 2015 is a historical source-period figure rather than a current measure. The oral care market has intense competition, with large and medium-sized firms accounting for the market share. The company's main competitors are Procter & Gamble Co and GlaxoSmithKline Pc. The Colgate toothpaste is leading in the market due to its high quality. In this industry, the companies compete regarding quality, pricing, and innovation. Thus, the company uses new products as a strategy to maintain demand in the market. Colgate products have a competitive advantage over its peer's products due to their product attributes. The quality of Colgate products, which is confirmed through the performance, safety, value, and consistency of the products, has contributed to the product's competitive advantage.

Comparative Advantages and International Trade

Opportunities:

Colgate-Palmolive Inc. is an American multinational manufacturing corporation headquartered in Park Avenue, New York. But the Company has a plant overseas (South Africa) that handles most of the production. This helps the company to produce Colgate toothpaste cheaper and faster than if they were manufactured in the United States. Therefore, the lower cost of production and faster production give the Colgate Company an advantage over its competitors.

Factors Affecting Demand, Supply, and Prices for Colgate Toothpaste

Availability of the alternative or Substitute products in the market:

The existence of alternative products in the market creates competition for one another. The Colgate toothpaste has competition from Crest, Sensodyne, Arm & Hammer, and Close-Up toothpaste. Thus, substitute goods are two alternative goods used for the same purpose. The existence of substitute goods affects the demand and supply of Colgate toothpaste since it presents consumers with alternative goods (Rios et al., 2013). Thus, an increase in the price of Colgate toothpaste will lead to a rise in demand for the other toothpaste.

In the graph below, the fall in Other Toothpaste prices (P1 to P2) leads to more demand for the product from Q1 to Q2. Thus, this causes the demand for Colgate Toothpaste to decrease. Therefore, the substitute goods have a positive cross-elasticity of demand.

P Other Toothpaste P Colgate Toothpaste

- S1
- D2 D1
- P1 S2 P1
- P2 P2
- D
- Q1 Q2 Q2 Q1

Marketing and Advertising costs:

The Colgate Company spent a lot of cash on advertising and marketing for its product. The marketing strategy helps the common to attract more customers as well as maintain its existing market share. Advertising and marketing affect consumer tastes and preferences in a positive way, thus causing the demand to increase. But also advertising increases the company costs (Rios et al, 2013). Therefore, if the advertisement cost affects marginal costs, it shifts the supply curve.

Market for Colgate Toothpaste Market for Colgate Toothpaste

- S1 D1
- S2 D
- P P
- Q Q

Quality of the product:

In the Oral market, competition is based on innovation, pricing, and quality. Thus the quality of toothpaste determines its sales. The Colgate Company offers high-quality toothpaste. Therefore, continuous improvement of the toothpaste encourages consumers to buy the product hence increasing the demand.

Factors Affecting the Total Revenue of the Colgate Toothpaste

Price Elasticity of the Demand (PED):

PED describes how changes in price influence the demand for the product. Thus, for goods with high elasticity, changes in price quickly affect the demand for the product. The Colgate toothpaste marketing strategy is based on a pricing strategy. Therefore, the price elasticity of Colgate affects the total revenue of the product. Total revenue in business is the number of products sold times the price of the product. The PED affects the total revenue by determining how much the business will make due to changes in prices of the product (Rios et al, 2013). An increase in prices for the product could lead to a price effect or quantity effect. The price effect is the impact of the increased sales revenue the business makes from the sale of each unit. Whereas quantity effect is the consequence of decreased quantity sold due to lower demand. Thus, if the total positive price effect exceeds the negative impact of the quantity sold, their total revenue increases.

Factors that Influence Productivity in an Organization

Innovation: technological advancement is very crucial in influencing industrial productivity. The Colgate Company uses innovation as a strategy to improve its product and maintain its clientele. Technological innovation helps in lowering the cost of production, improving packaging design, and producing high-quality products.

Good management and quality of the employees:

Good management helps the company to make better strategies. While company staff determines the organization's productivity. Thus, having qualified and skilled employees helps in increasing productivity.

Measures of the Cost

Price/unit MC

- ATC
- AVC
- AFC

Quantity

Marginal cost (MC) is the additional cost incurred by the firm for producing an additional unit of the product.

In the short run marginal cost (MC) first declines and starts increasing as more units are produced; the curve intersects the Average total cost (ATC) and average variable cost (AVC) at their minimum levels. The AVC curves steeply as MC but not as quickly as MC. The AFC curve declines as more units are produced, while the average total cost (ATC) curve goes up as MC increases due to a law of diminishing returns (Rios et al., 2013).

Opportunity cost: the opportunity cost involves using a scarce resource to produce one commodity rather than another. Therefore, it is the costs incurred for preceding one thing for another (Rios et al., 2013). The opportunity cost measures cost by evaluating the costs of the two commodities and foregoing the one with the most benefit.

Externalities and government policy and their effect on marginal cost and revenue

The government policy and externalities on the safety the oral products may have a positive or negative outcome for the product. The government requires the company to produce products that are in line with Consumer Safety Act and other safety policies with have a direct impact on the product. These policies affect marginal revenue and marginal costs. For instance, due to safety requirements, each product cost increases, which eventually affects the costs.

Recommendation on how Colgate Company can Increase its profit and maintain its market share

There is a need for the company to increase its market share as well as profit. Therefore, the company should develop a pricing strategy to achieve these objectives. The pricing strategy will allow the company to set prices for its products at lower prices, thus, creating more demand. This will result in increased revenues and larger market share.

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