

CLOSE UP SMILE GETS WIDER

The first mover advantage is just one of the reasons for Hindustan Unilever increasing its lead over Colgate in the gel toothpaste segment

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Colgate-Palmolive is the overall market leader in the ₹3,000 crore Indian toothpaste market. But the crown has eluded Colgate in the fastest growing segment of the toothpaste market — the ₹900 crore gel segment — where Hindustan Unilever's Close Up has widened its lead with a 60 per cent share.

While analysts agree that the first-mover advantage has helped Close Up secure an edge, a large part of its success can be attributed to two factors — youth-centric product positioning and an innovative product pipeline. The most recent addition to its arsenal has been the Fire Freeze variant.

Such innovative variants have helped Close Up keep the gel segment buzzing. As Kotak Institutional Equities (analyst) Manoj Menon explains, "for every innovation that Colgate Max Fresh gel has done, Close Up has done many more." Look at some of the variants for proof. The brand has been regularly launching a slew of variants like Lemon Mint, Milk Calcium and limited edition variants like Luscious Lychee and Tangerine Burst. "While majority of sales still come from the core variants (red, blue), the strategy to launch variants has helped Close Up keep the excitement going," says Menon.

"With Fire Freeze, the objective is to drive consumption in urban metros and large towns, where the brand is relatively weaker," says Srinandan Sundaram, category head (oral care and deodorants), Hindustan Unilever. "This is complementary to where the largest variant

Close Up Red is stronger," adds Sundaram.

Product innovation apart, experts say a large part of Close Up's success is its brand positioning. Since its launch about three decades ago, Close-up has not swayed from its 'freshness' and 'confidence' image. The strategy worked well when the market leader Colgate was harping on 'tooth decay'. "Close Up's communication carefully treaded the line of rational (freshness) and emotional benefit (coming close)," says a senior marketing official of an FMCG firm who has worked in oral care.

The association with 'fresh breath' and 'confidence', on which Close Up was created, will continue to drive the brand's growth. Only now, the proposition will extend itself to new age youth-focused platforms.

Take the brand's recent tie up with online gaming company Zapak. The brand plans to use the gaming platform to promote 'Fire Freeze'. Gaming apart, the brand is also betting on Facebook.

While promoting the new variant through new age media will help recruit Close Up users in urban pockets, the brand is adopting a different strategy to drive sales of the overall Close Up franchise. The brand recently roped in South Indian brand ambassador Suriya to protect its turf in the South (Andhra Pradesh and Tamil Nadu), where the brand has historically been strong. Industry observers say this could be in response to Colgate actively pushing its gel toothpaste in the South.

To break into Close Up's stronghold, Colgate's Max Fresh gel has also been trying to don a young image. A few months ago it roped in numerous celebrities ranging from Bollywood stars (Shahid Kapoor and Genelia D'Souza) to Indian cricketers (Virender Sehwag, Gautam Gambhir and Zaheer Khan) to promote the power of freshness. It is also building an engaging Facebook page and organised a Max Fresh Alarm contest during the IPL season 4, where

winners got the opportunity to meet cricketer Virender Sehwag.

But breaking into the youth space will not be an easy feat for Colgate's Max Fresh.

"Colgate gel's biggest handicap is its mother brand equity of a serious health brand, that makes it less appealing to younger consumers," points out Pranesh Misra, chairman and managing director, Brandscapes Worldwide. Menon of Kotak Institutional Equities agrees. "The family and health connotation associated with Colgate as the umbrella brand are so strong that it has not been able to make a significant dent in the gel space. It would have been wiser if the company had created a separate brand called Max Fresh, rather than using the parent Colgate brand," he opines.

The strategy adopted by both brands to stay young might work in a country which has a dominant youth population. As Future Group president (food and FMCG) Devendra Chawla notes, "The younger generation is slowly graduating towards having their own variant or flavour of toothpaste. This is similar to what happened in the shampoo and conditioner market where within a household, people have individual preferences."

However, Sundaram believes this might still be a while away. In India, the trigger for most toothpaste purchase is still the homemaker and a common toothpaste is used by the family. Thus, we want to project ourselves as a young-at-heart brand, which appeals to the family. "In future communication, we want to tread that fine line," says Sundaram.

Close Up's success has not been enjoyed by Hindustan Unilever's sister brand Pepsodent (white toothpaste) which has seen a steady decline in sales in the last few years. "This has largely been due to getting the price points and rural strategy wrong," says Shirish Pardeshi, co-head research, Anand Rathi Financial Services. Hindustan Unilever's combined oral care market share (Close Up and Pepsodent) declined from 30 per cent in 2008 to 26 per cent in 2011.

EXPERTS SAY WHILE COLGATE has been focusing on tooth decay, Close Up has not swayed from 'freshness' and 'confidence'

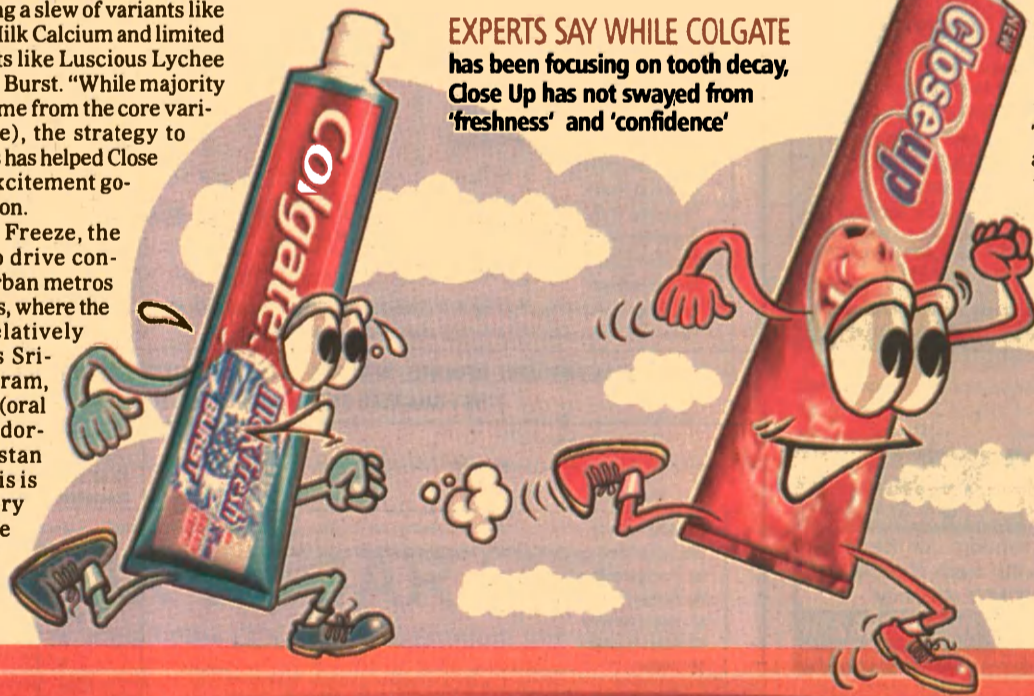


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