
Customer Value Proposition In The Toothpaste Market

Introduction

The fast pace of life, poor eating routines, including sugar-rich diets and the higher consumption of liquor and tobacco have made oral wellbeing one of the significant general medical issues in pretty much all over the world. The effect of oral diseases on individuals' regular daily existences is subtle and unavoidable, impacting diet, rest, and pretty much every period of the day. All in all, oral infections create substantial pain and suffering. Owing to this, consumers have begun giving attention to their oral hygiene health and their oral wellbeing, which has prompted a growth in the toothpaste market. (Mordor Intelligence, n.d.)

The purpose of this research is to identify the customer perceived value of the oral hygiene product - toothpaste – using an appropriate model. The model will be used to compare and contrast the value proposition of Lion group's Fresh and White toothpaste against the leading competitor in the same category, Colgate Palmolive's Colgate toothpaste. Toothpaste falls under the realm of the Consumer Goods. As an outcome of this analysis, a new value proposition will be developed for Lion Group's toothpaste - Fresh and White, which is in line with the customer value criteria identified. In the closing, an implementation plan will be drawn up and outlined to roll out the new value proposition.

Fresh and White is sold in Malaysia by Southern Lion Sdn Bhd. The company is a joint venture between Lam Soon (M) Bhd and Lion Corporation Japan. They both hold 50% ownership and started operations in April 1987 in Johor, Malaysia. ("Corporate Profile & History – SouthernLion, Malaysia," n.d.). The Colgate brand of toothpaste is sold in Malaysia by Colgate Palmolive Malaysia and the company is located in Petaling Jaya, Selangor. ("Colgate-Palmolive – Global Household & Consumer Products," n.d.)

Customer perceived value in the toothpaste market

Many authors have researched the topic of customer perceived value and come up with varying definitions. In a nutshell customer perceived value can be simply defined as the value the customer perceives (thinks they are getting) when they purchase a product or service. If you weigh the cost to purchase the item against the benefits gained from the purchase of that item – then this is the customer perceived value CPV. Consumers will make repeat purchases of a product only if they feel they are getting a value from said product. So to deliver/sell this perceived value is the aim of marketing teams. Below is a table that details the various definitions by published authors.

Considering the additional dimensions of benefit, 'tangibles and intangibles', Anderson and Narus (1999) defined value as the perceived worth in money for benefits received, in exchange for the price paid, considering the competitive offers. By including both tangible and intangible of benefits, and competitive offers, this definition becomes generalizable among more industries.

Lai, et al (1995) included more dimensions of benefits and defined perceived value as a trade-off between specific categories of benefits (i.e., functional, social effects, epistemic, aesthetic,

hedonic, situational, holistic, and convenience) and specific categories of costs (i.e., monetary, time, risk, human energy).

For this study, the Sanchez model will be used to describe the customer perceived value in the toothpaste market. The model comprises of two main components which are the benefits and sacrifices (Sánchez-Fernández and Iniesta-Bonillo, 2007)

Economic Benefits

For toothpaste products, the price is the amount of money that is taken out for a toothpaste; customer value that is exchanged to get the benefit from the ownership or use of toothpaste. (Razak, 2016). Product quality and price is able to boost customer value by creating customer satisfaction. The toothpaste industry produces a product which is a daily necessity. Toothpaste customers will carefully consider the prices of the toothpaste in their decision to ensure maximum economic benefit is derived from this everyday use product.

Emotional Benefits

Brand Loyalty can be achieved by improving Brand Trust and Perceived Value (Upamannu and Rajput, 2017). In the case of toothpaste, you will find that certain brands have been used by families for generations. It is simply a case of 'this is the brand we have always used' so there is no question even to switch to a new brand. This is evidenced in a paper by (Thakur, 2016) where he has found that 'family exerts a complex influence on the behaviours of its members. It has been demonstrated that parents influence children'. Thus you will find an emotional/sentimental bond with the toothpaste brand. (Upamannu and Mathur, 2013) concluded that brand trust and brand affect have a significant relationship with a brand loyalty.

Social Benefits

As quoted by (Roig et al., 2006) social benefits are very crucial to customers as a consequence of establishing a brand relationship. "In sum, customers initiate and maintain a market relationship because they expect to receive a positive value as a consequence of their participation (Peterson, 1995)"

Price Sacrifice

Customers are not too blind to buy a product without searching information about a product or service. Actually, consumers are sensitive to the prices because they want to get maximum benefits of using their money and time. (Rahman and Robel, 2014). Pricing certainly affects the decision of a customer on which brand of toothpaste to buy. The core attribute and requirement of toothpaste is that it has fluoride and removes cavities when properly used with a toothbrush. Thus with not much of a differentiator between products, pricing becomes a main component affecting customer buying decision.

Time & Effort Sacrifice

The consumer's decision to purchase the goods from the options available to the consumer may be classified into five main types of decisions. They are what to buy, how much to buy, where to

buy, when to buy, how to buy. (Thakur, 2016). Customers do not like to spend too much time to purchase basic products. Purchase of toothpaste is considered by many families to be a straightforward task. If a certain brand of toothpaste or a range in that line, for example, teeth whitening, mint flavour etc. is always not available on the shelves or is out of stock for prolonged periods, this will cause customers to jump to another brand. Similarly, the ease of purchasing toothpaste is one of the key topics that can impact customer value proposition. It needs to be readily available in most convenience stores, supermarkets and sundry shops. Purchasing a product as basic and common as toothpaste should not take an effort to do.

Risk and Inconvenience Sacrifice

When consumers use toothpaste, they want to be sure that it is safe and uncontaminated. It is a product that goes into mouths. Thus a high quality product is expected. Quality service can be considered the ratio of the level of service effectiveness and expectations of the user. Thus, to promote quality service means to meet the needs and expectations of a user in an effective manner (Pena et al., 2013) Studies have found that artificial ingredients are often used. As example, propylene glycol — the chemical used to de-ice planes — is a chemical commonly found in toothpaste. (Dubitsky, 2017).

Evaluation of the value proposition : southern lion against leading competitor colgate palmolive

With the help of the Piercy customer value model, we can now begin to evaluate the value propositions of Southern Lion and Colgate Palmolive. (Piercy, 1995) The findings have been listed in the table below.

Market Mission and Value

Southern Lion believes in a very people centric approach. Their customers are at the core of their company and their customer's happiness is key. In order to build and maintain this happiness, they provide quality products which help keep their customers healthy. Healthy customers are happy customers. They believe in a spirit of community where their staff, customers, vendors all prosper together. Colgate Palmolive value and mission is clear, to be the No 1. Brand in the consumer product global market. They have a global aim and reach. Having been the market leader for so long, their values correlate with their aim to stay in this position. While caring is also a component of their value system, they cite continuous improvement as their key component. Companies need to continually evolve to changing consumer needs and trends to stay competitive and Colgate Palmolive have this in their DNA.

Competitive positioning

Lion Corporation is the leading toothpaste seller in the Japanese market. In other markets it is positioned further down the rung but still is known as a producer of quality toothpaste. They have made inroads into the Malaysian market by competing in the niche, children's toothpaste market. Colgate Palmolive is not only the market leader in Malaysia; it dominates on a global scale with 45% market share making it the top selling toothpaste manufacturer. Having such a huge market presence in several global markets like the huge Indian market, for example, it is

able to be very profitable and plough these profits into marketing campaigns to ensure it stays in pole position.

Competitive differentiator

Southern Lion via their children's toothpaste brand Kodomo, is the market leader in Malaysia and Singapore. In the Thai market, the Lion Group has a dominant position. It also has the Zact range of toothpaste which caters to smokers and those with stubborn/yellow stains on their teeth such as coffee drinkers. They have also ventured into the toothbrush market with their range of Systema toothbrushes to complement the Systema range of toothpaste. Colgate Palmolive has a strategy of continuously investing in development - their people, processes, technology and products. With their high sales profits, they are able to make this investment to make the necessary changes for company sustainability and growth.

Marketing Asset

Southern Lion is able to sell their products via e-commerce platforms in Malaysia such as Lazada and Shopee. The modern consumer who does not have time to invest in visiting a hypermarket or sundry store to purchase this daily essential product can make a purchase just with a click of their finger. They also tie up with Dental Clinics to have their products advertised and promoted by dentists. As a part of their marketing and to fill the social value system, there are also visits to schools to teach children the basics of oral health care, good oral hygiene and give out free samples. Colgate Palmolive has already a very strong recognised brand and is available globally. The customer can find the same products in China, India and the USA. This is as a result of the brand reach. Colgate Palmolive also invests heavily on advertising with a global budget of over a billion US Dollars annually. (Creep, 2016). All this investment shows a positive effect in keeping their brand known and relevant across generations in families.

Conclusion of the evaluation

There has been a lot of research done that proves that companies focus on customer satisfaction as a tool to retain and increase customers. (Kandampully and Suhartanto, 2000), (Lassar and Mittal, 1998), (Bettencourt et al., 2015). Southern Lion and Colgate-Palmolive are no different in this respect.

Southern Lion applies emotional and social value to their products. Their company value system which is from the parent company Lion Corporation Japan, exemplifies this. They have taken the lead in the niche children's toothpaste market, venturing into a market which has concerned parents as purchasing customers. Securing the top spot in this market is no mean feat as children are very finicky customers.

Their core value of 'happiness is about loving life' underpins the emotional and social value they bring to their products. ("Corporate Profile & History – SouthernLion, Malaysia," n.d.)

Colgate Palmolive being the monopolistic market leader has applied function value of its products to retain existing customers and also to attract new customers. You can see that this is highly successful via their link with dental care professionals. Most dentists recommend their brand best for fresh breath - the Colgate Total Advanced Fresh Toothpaste. Colgate Palmolive

is the market leader due to brand dominance, far reach into worldwide markets and its vast range of toothpaste products. It is able to leverage on economies of scale to reduce product price and pass this back to the customer as an economic benefit.

Below is a model that illustrates the positioning of Colgate-Palmolive and Southern Lion.

Lion's new value proposition proposal

Southern Lion already fulfils the customer perceived value, as evidenced from the preceding evaluation. To create a new value proposition, the Lawton model is chosen to do an analysis.

Features and quality of the product are key in developing the new value proposition for Southern Lion. The toothpaste market is not a highly technical or fast evolving market. While toothpaste has been in existence for centuries, there was a breakthrough in 1914 when fluoride toothpaste was introduced.(Lippert, 2013). Since then, toothpaste in the form we see today has not changed significantly. Hence, the path chosen is to shift the value frontier of toothpaste manufacturer Southern Lion.

Innovative Imitation

The need to innovate is greater than ever. In this new world, value creation through profitable growth can come only from innovation (Ramaswamy, n.d.). Specifically in the case of toothpaste manufacturing, as toothpaste is basically toothpaste, innovative imitation will be used to create new value propositions. Innovative imitation means that a company imitates an existing VALUE PROPOSITION, but improves value by adding innovative elements (Osterwalder and Pigneur, 2003).

The focus will be on developing an innovative toothpaste range that is made with 100% natural, non-toxic ingredients. To cater to young children, toothpaste with lysine and DHA will also be developed. The usual intake of DHA among toddlers and children is low and some studies show improvements in cognition and behaviour as the result of supplementation with polyunsaturated fatty acids including DHA. (Kuratko et al., 2013)

A new range of biodegradable, environmentally friendly toothpaste packaging will also be developed. Toothpaste is now sold in plastic containers. Each year, 1 billion plastic toothpaste tubes end up in landfills, taking a very long time to biodegrade and causing all sorts of plastic pollution flow on effects. (Sanders, 2019). Using biodegradable packaging will also eliminate the need for consumers to recycle their conventional plastic tubes – it is less hassle. Parents are also increasingly concerned with the effect of chemicals on their children, so developing an all-natural range will help increase value proposition based on relationships of Southern Lion to being a toothpaste manufacturer perceived as caring of the customer's health.

Product Cost

Southern Lion will implement DevOps practices in the launch of new products. This will ensure a faster go to market lead time. A faster turnaround time will also see reduced cost to produced new product lines (less manpower time, testing, use of materials etc. Thanks to automation, even small companies can bring about groundbreaking innovation that may be adopted around

the world. (Robotics Online Marketing Team, n.d.) The Company will also undergo an automation focus with processes to be automated identified and then subsequently automated. Automation means lower costs and higher productivity, among other advantages. The savings from reduced production cost can be passed back to customers via reduced pricing and attractive promotions. Thus the price value proposition becomes enticing for customers.

Relationship Value

Southern Lion will also build strong relations with dentists and oral health professionals, both in the public and private sector. These relationships will help to build credibility, support and recommendations for Southern Lion which in turn will drive long-term customer loyalty. Partnering with dental professionals will strengthen Southern Lion's credibility as a respected oral care authority.

Southern Lion will participate in the Ministry of Health's national oral health campaigns. Outreach programs to public and private schools will be done on a regular basis to introduce the importance of oral hygiene to young children. Brand imprint and recognition will be benefit of this program, thus increasing the relationship value via child to parent.

Implementation of new value proposition

The external implementation focus is summarised below.

The internal implementation focus is summarised below.

The proposed rollout timeline is summarised below via a Gantt chart. These charts remain widely used today. In their present essential application to organisations, they provide an effective way to track, manage and display important tasks and milestones. (James and Wilson, 2000)

For the implementation of the above mentioned new value proposition, a budget will need to be allocated. Return on investment (ROI) is a measure of the profit earned from each investment. Like the "return" (or profit) that you earn on your portfolio or bank account, it's calculated as a percentage ("Marketing ROI Formula - Return on Investment Calculator," 2013). Below is a simple overview of the investment amount and the forecasted net income, (increase in sales volume) with the ROI.

Conclusion

In conclusion, the customer perceived value in the toothpaste market has been identified and presented. Southern Lion has a loyal customer base and is able to fulfil the customer value needs but there is room for improvement. In order to gain an advantage over its competitors, it is suggested that Southern Lion implement the value proposition proposals in this paper.

All companies should undertake value assessments and customer value review activities periodically, to ensure that their vision and strategy is in line with customer expectations and trends. This is important to stay relevant in their industry.

Southern Lion is competing in what is essentially a monopolistic market, dominated by established household brand names. Thus to compete effectively, it will have to win the hearts and minds challenge and imbed their brand into Malaysian families and households.

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