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| **Oral Care Dentifrice Germany**  **FY 19/20 - August 2019 Business update** |
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| **Background** |
| This is to provide an update on P&G dentifrice category performance in DE and to highlight the key market changes in the past month.   |  | | --- | |  | | **Conclusion** |  * **Focus on getting a good distribution for the SKUs in each channel based on the data below** * **Compete against PL challenge by supporting 75ml sizes more as this is where PL do not perform well** * **OB purify is working very well in Drug channel, use targeted media to grow share using NA** |
| **Key Findings** |
| 1. **Market Development:** Dentifrice category grew nationally in Aug’19 in value but declined in volume further vs Jul’19. The value sales decline is coming from Discounters (IYA 75), Drug (IYA 92) & HM (IYA 86) while SM (IYA 102) is back to growing. Volume sales are growing in Drug (IYA 104) but declining in all other channels nationally. P&G brands declined both in value and volume sales nationally as can be seen in the table below.  |  |  |  |  | | --- | --- | --- | --- | | Dentifrice DE | P6M | P3M | P1M | | Value | 103 | 102 | 103 | | Volume | 98 | 96 | 95 |  |  |  |  |  | | --- | --- | --- | --- | | P&G Dentifrice | P6M | P3M | P1M | | Value | 97 | 105 | 88 | | Volume | 104 | 108 | 87 |  1. **Share Development:** OB has been winning in all channels both in value and volume as it is sourcing consumers of specialized health segments from PL, Parodontax & Sensodyne. However, we are far from the target of this FY of 5% market share. BAM declined in volume & value share nationally as Colgate, Elmex, Meridol & Odol Med 3 pushed hard to win both volume and value shares nationally.  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | P&G Dentifrice | P6M | *IYA* | P3M | *IYA* | P1M | *IYA* | | Value | 10,6 | 109 | 11,4 | 113 | 10,2 | 97 | | Volume | 12,9 | 106 | 14,2 | 109 | 12,9 | 91 |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | BAM/OB | P6M | *IYA* | P3M | *IYA* | P1M | *IYA* | | Value | 8,6/1,9 | 91/1470 | 9,3/2,1 | 93/1748 | 8,3/1,9 | 80/2043 | | Volume | 12/0,9 | 99/766 | 13,2/1 | 102/888 | 12/0,9 | 85/1208 |  1. **Channel Development:** 2. **Drug (Vol sales IYA 104, Val sales IYA 93)**    1. **Promotion & Sales:** Aug’19 promotions index 141 vs Jul’19. The increase was mostly for Colgate which saw an index 400 increase vs previous month. These promotions helped grow the Colgate volume sales (IYA 111) in drug channel. Oral B had no features in Jul’19 or Aug’19 but continued growing both in volume and value sales vs YA. However, since OB launched only last year, a more meaningful comparison would be index vs Jul’19 (vol 85, val 94) which shows that the performance actually got worse in drug channel. BAM had 1 feature less vs Jul’19 which led to decrease in volume sales (IYA 99), despite the price cut in Feb’18 on tubes, & value sales (IYA 82).    2. **Pricing:** One key pricing change in the channel came from Colgate which reduced the price of its multi-benefit and total SKUs by index 60 vs YA through promotions & price erosion which triggered the big increase in volume. However, this also decreased the value sales (IYA 85).    3. **Distribution:** A key insight that is visible in the distribution analysis is that PL 125 ml packs perform much better compared to more established brands even without a good distribution support. This is mainly due to the lower pricing strategy of PL which seems to offer much better value for the price to consumers who are more price sensitive. Conversely, PL performs poorly with their smaller packs (75 ml & 50 ml) even when they have a very good distribution support.  |  |  | | --- | --- | | **Drainers (Performing well despite lower distribution)** | **Gainers (Performing poorly despite good distribution)** | | OB pro repair 75 ml  3D White luxe 75 ml  3D white vitalizing fresh 75 ml | BAM classic 75 ml  BAM purify 75 ml |  1. **Discounter (Vol sales IYA 82, Val sales IYA 75)**    1. **Promotion & Sales:** Aug’19 promotions index 50 vs Jul’19. This strong decrease in the feature numbers led to a drastic decrease in both volume & value sales. Despite the overall lower number of features, Odol Med 3 managed to get more features with index 119 vs Jul’19. This increase in features helped it maintain its volume sales (IYA 100) but declined the value sales (IYA 93). BAM had 7 fewer features vs Jul’19 which resulted in a huge decline in volume (IYA 72) and value sales (IYA 65).    2. **Pricing:** A key pricing change in this channel is visible on Odol Med 3 which had a price index 93 vs YA effective Jan’19 on its base variants. This change has not helped the brand or the category and has further contributed to a decrease in value sales in Aug’19.    3. **Distribution:** A key insight that is visible in the distribution analysis, just like in Drug channel, is that PL 125 ml packs perform much better compared to more established brands even without a good distribution support. This is mainly due to the lower pricing strategy of PL which seems to offer much better value for the price to consumers who are more price sensitive. Conversely, PL performs poorly with their smaller packs (75 ml & 50 ml) even when they have a very good distribution support.  |  |  | | --- | --- | | **Drainers (Performing well despite lower distribution)** | **Gainers (Performing poorly despite good distribution)** | | BAM fresh 125 ml | BAM fresh 75 ml  BAM multi-benefit 75 ml  3D white luxe glamorous 75 ml |  1. **Supermarket (Vol sales IYA 96, Val sales IYA 102)**    1. **Promotion & Sales:** Aug’19 promotions index 120 vs Jul’19. Out of all the brands Odol Med 3 got the advantage here with promo index 127 vs Jul’19. Just like Discounters, here too Odol Med 3 could not improve the volume sales based on a greater number of features. BAM had 4 fewer features vs Jul’19 which resulted in a big decline in volume (IYA 87) and value sales (IYA 83). Oral B had 14 more features in total vs Jul’19 but its volume and value sales (both index 100 vs Jul’19) remained flat which means the features did not work well enough, majority of them were in Rewe.    2. **Pricing:** The dip in volume sales while increase in value sales in SM is explained by the price up strategy that Colgate employed in this channel. Colgate priced up on brands Colgate (price IYA 105) and Aronal Elmex (price IYA 110) on the 50- and 75-ml base variants. The strategy did not work for Colgate brand with decline in volume sales (IYA 91) & value sales (IYA 92) but it did work very well for Aronal Elmex with increase in volume (IYA 133) & value sales (IYA 154).    3. **Distribution:** A key insight that is visible in the distribution analysis, just like in Drug & Discounters channel, is that PL 125 ml packs perform much better compared to more established brands even without a good distribution support. This is mainly due to the lower pricing strategy of PL which seems to offer much better value for the price to consumers who are more price sensitive. Conversely, PL performs poorly with their smaller packs (75 ml & 50 ml) even when they have a very good distribution support.  |  |  | | --- | --- | | **Drainers (Performing well despite lower distribution)** | **Gainers (Performing poorly despite good distribution)** | | BAM 3D white fresh 75 ml | BAM regular 75 ml  BAM herbal 75 ml |  1. **Hypermarket (Vol sales IYA 95, Val sales IYA 101)**    1. **Promotion & Sales:** Aug’19 promotions index 35 vs Jul’19. Odol Med 3 (index 20 vs Jul’19) and Colgate (index 45 vs Jul’19) had much fewer features and hence suffered both in terms of volume and value sales. P&G brands had no features. BAM’s volume (IYA 92) and value (IYA 88) sales declined sharply along with Oral B’s volume (index 50 vs Jul’19) and value sales (index 85 vs Jul’19).    2. **Pricing:** A significant price change happened in Odol Med3’s 75 ml where the price went from above 2€ to below (IYA 86) but it did not result in any positive effect in terms of sales or shares. Colgate & aronal elmex also priced up, like in supermarkets, which pushed up both the volume (IYA 158) and value sales (IYA 156) for Colgate but did declined the volume sales for Aronal Elmex with no change in value sales.    3. **Distribution:**  |  |  | | --- | --- | | **Drainers (Performing well despite lower distribution)** | **Gainers (Performing poorly despite good distribution)** | | OB Pro repair 75ml  BAM 3D white glamorous 75ml  BAM expert deep clean | BAM classic 75 ml  BAM classic 125 ml | |
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