

Building On Global Strength:

# Succeeding With **Consumers**



## **Brazil**

### **Gaining Market Share In Mouthwash**

In many key markets around the world, Colgate is gaining market share in mouthwash, one of the fastest-growing oral care categories globally. In Brazil, for example, where the mouthwash market as a whole has doubled over the last three years, sales of Colgate Plax mouthwash over this same period have quadrupled. Strong efficacy claims and an innovative portfolio of products supported by powerful integrated marketing communications have differentiated the brand and led to very strong market share growth.

**C**olgate delights consumers around the world with an array of Oral Care, Personal Care, Home Care and Pet Nutrition products. Behind the success of Colgate's brands are carefully developed business and marketing strategies.

With more than 50% of consumer purchase decisions being made in the store, shopper marketing, which analyzes in-store behavior to convert shoppers into buyers, is another important global initiative at Colgate. In India, where pharmacists are known as chemists, Colgate's research showed that shoppers view them as authoritative oral health professionals, who in turn influence 30% of toothbrush purchases in that retail environment. As a result, Colgate focused on educating chemists on the benefits of Colgate products and provided them with specially designed in-store displays to help communicate this message to shoppers. This not only enhanced Colgate's image as a therapeutic leader but also increased chemist recommendations and sales.

To best reach today's consumers, Colgate uses integrated marketing communications that include a mix of traditional and new media, as well as creative promotional activities. For example, as part of its very successful "Feeding Is Believing" marketing campaign, Hill's Pet Nutrition communicated the power of the precise, balanced nutrition in the Hill's Science Diet line of pet food by inviting pet owners to share their own pet transformation stories through a dedicated Feeding Is Believing web site. The consumer testimonials, which explained how Hill's products have enriched the lives of their pets, were then incorporated into the brand's marketing communications. The value proposition of the brand, "transform your pet's life for pennies a day," was delivered using the same advertising approach across media outlets both in and out of the store. The campaign successfully incorporated the emotional connection to the brand, further driving consumer loyalty.

Insights into constantly changing consumer wants and needs are essential in driving new product development and led to the introductions of Softsoap Ensembles liquid hand soap and an environmentally friendly dishwashing liquid.

In the United States, consumers view liquid soap as not just a product for washing hands but also as a decorative item on the sink. New Softsoap Ensembles, a reusable pump and refill cartridge system for liquid hand soap, is available in three decorative styles that appeal to different tastes: a classic contemporary design, a bold design and a minimalist design. Softsoap Ensembles costs less than the liquid hand soaps available in specialty shops, while offering the same decorator look along with the value of a refill.

Consumers' growing desire for environmentally friendly cleaning products led to the development of new Palmolive Pure + Clear dishwashing liquid. Palmolive Pure + Clear is phosphate free, contains biodegradable cleaning ingredients, no unnecessary chemicals or heavy fragrances, and its packaging is made with 25%-75% post-consumer recycled plastic.



*"My family has used Colgate toothpaste for as long as I can remember. Colgate Total toothpaste and Palmolive Aroma body wash are some of my favourite products."*

**Sneha Joshi**  
Colgate consumer  
India



Building On Global Strength:

# Succeeding With The **Profession**

## United States

### Providing Oral Health Exams And Education Worldwide

In partnership with dental health professionals, Colgate provides free dental screenings, product samples and oral health education to millions of children and their families every year. In the United States alone, Colgate's "Bright Smiles, Bright Futures" oral health education and community outreach program has reached nearly 100 million children since its start 18 years ago.

**B**uilding strong relationships with dental and veterinary professionals has been a cornerstone of Colgate's growth strategy for many years. These relationships continue to build credibility, support and recommendations for Colgate and Hill's, which drive product trial and long-term loyalty.

To encourage more usage and endorsements in oral care, Colgate has established global guidelines for professional sales, sampling, academic relations, obtaining dental seals of approval, dental convention attendance and participation in Oral Health Month. These efforts have contributed to Colgate toothpaste being the brand recommended and used most often by dentists worldwide.

Partnering with dental professionals strengthens Colgate's credibility as an oral care authority and helps grow the Company's market shares. In addition to supporting product concepts with an extensive program of over 250 clinical trials annually in more than 30 countries, Colgate works with academia, welcoming their input during the early stages of research.

To further strengthen its partnership with the dental profession worldwide, Colgate has established a dedicated web site designed to help the dental community get the latest oral health news including research papers, educational materials and information on Colgate product benefits. Dentists can also order product samples and even personalize content for patients.

Similarly, Hill's Pet Nutrition has close ties to the veterinary community, involving the profession in programs that generate awareness about good pet nutrition. In one initiative, Hill's teamed with the American Veterinary Medical Association to form the Alliance for Healthier Pets, a pet obesity-awareness program focused on teaching consumers about the risks of overweight conditions in their pets and on teaching animal care professionals how to better educate pet owners on proper pet weight management. The program included a national road show to help build consumer awareness and to communicate the benefits of feeding pets Hill's Science Diet Light and Hill's Prescription Diet r/d and w/d weight management foods.

One program that has been especially successful in developing closer relationships with the profession involves inviting dentists to tour the oral care portion of Colgate's Global Technology Center located in Piscataway, New Jersey. Building on this strength, in 2008, Hill's began inviting veterinarians to tour Hill's state-of-the-art research facility, known as the Pet Nutrition Center, in Topeka, Kansas. Allowing vets to see firsthand the care and precision of Hill's product development process builds credibility and is creating strong advocates for the brand.



*"Hill's has the ability to continuously develop new products that help us address our patients' medical needs. Last year, I had the opportunity to tour the Hill's research facility in Topeka, Kansas, and it served to reinforce the care that goes into the formulation of each product and reassured me that we are doing the right thing whenever we recommend Hill's Pet Nutrition foods."*

**Dr. Matthew McCarthy**  
Juniper Animal Hospital  
United States



Building On Global Strength:

# Succeeding With Our Customers



## China

### Partnering With Small Shop Owners For Success

In countries such as China, small neighborhood shop owners often influence which brands consumers purchase. Colgate works closely with millions of small shop owners everywhere to offer shoppers a relevant assortment of products, with superior visibility on the shelf, in order to grow sales for both the local shop and Colgate.



*“Africa Cash & Carry welcomes Colgate’s customer-wide commercial selling principles. Colgate is a fair and equitable trading company.”*

**Cassim Aysen**

Chief Executive Officer, Africa Cash & Carry  
South Africa

**K**nown for having a long history of strong relationships with its retail trade partners, Colgate is sharply focused on aligning its strategies and goals with those of its trade partners in order to achieve mutual success.

Colgate people understand that the way we do business is just as important as the results we achieve. Colgate has developed global commercial selling principles that apply to our relationships with all customers, regardless of their size or location. These principles provide specific guidelines on how to achieve business goals, while maintaining Colgate’s commitment to its values and to upholding the highest ethical standards in its business dealings.

Reflecting the importance Colgate places on these principles, the Company’s senior-level general managers around the world led a training workshop, called Implementing Commercial Practices With Excellence, for all commercial personnel. Within a year, more than 10,000 Colgate employees and third-party merchandisers had completed the training either online or in classrooms.

Colgate is also strengthening its retail trade partnerships through its shopper marketing initiatives. Aimed specifically at shoppers, these marketing programs are developed and executed in partnership with our retail customers. In the United States, for example, Colgate learned that in stores with in-house pharmacies, nearly half of shoppers do not buy another product when filling their prescription. However, these shoppers want information on health-related products. As a result, messaging focused on Colgate Total toothpaste and the association between a healthy mouth and a healthy body is being communicated on prescription bags given directly to shoppers who purchase medications for diabetes and heart disease. Additionally, special displays for Colgate Total with similar health messaging are being placed adjacent to the pharmacy. Activities such as these not only build brand equity and sales for Colgate, but also help grow category sales for the retailers.

Another collaborative initiative that benefits both Colgate and its retail partners is Joint Business Planning. This process fosters cooperation through the joint development of commercial plans that align both the customer’s and Colgate’s strategic priorities and business goals. Colgate works with its retail customers around the world to develop together the most effective ways to grow the categories in which we compete and to improve supply chain efficiency, which ultimately leads to better value and service for the shopper. To facilitate the process, Colgate employees learn techniques to help them better understand a retail customer’s strategy from the customer’s point of view, leading to better service for our customers.

Small stores around the world are just as important to Colgate as large ones. In emerging markets, a majority of Colgate’s sales come from small neighborhood stores, often within walking distance of consumers’ homes. In order to better understand the small-store environment, the consumers who shop there and the ways they shop, Colgate employees often immerse themselves in a store for up to a week to experience day-to-day goings-on firsthand. Based on consumer and shopper insights, the Company works closely with local merchandisers and shop owners to offer a relevant assortment of products and merchandising services to achieve high visibility in each store.



Building On Global Strength:

# Innovating Everywhere

## Mexico

### Breakthrough Technology Delivering Long-Lasting Fragrance In Fabric Conditioners

Responding to consumers' desire for long-lasting fragrance in a fabric conditioner, Colgate developed the patented technology in new Suavitel Magic Moments. The unique formula contains encapsulated micro-beads that provide touch-release fragrance for months after washing. This highly successful new product captured over 8% of the fabric conditioner market in Mexico in just 10 months and has already been expanded to other countries in Latin America and to Europe under our Soupline Magic Moments brand.



**I**nnovation is a cornerstone of Colgate's strategy to drive profitable growth. While innovation in new product development is key, equally important is innovation throughout all of the Company's business functions and processes.

New product development for products expected to be launched within three years takes place at nine consumer innovation centers strategically located around the world. These centers create new product concepts and ideas based on specific insights into consumer wants, needs and behaviors. For projects extending three to five years into the future, work is focused in three category-specific long-term innovation centers: Oral Care, Pet Nutrition and Personal Care. Supplementing these efforts, Colgate scientists conduct early research to establish a scientific foundation for new product ideas generated, and develop robust formulations that deliver new benefits to consumers.

Colgate broadens opportunities for innovation by partnering with academia, leading research firms, suppliers that are technical leaders and other outside experts. New Colgate Wisp is the result of one such collaboration. Developed in close partnership with Swiss manufacturer Trisa, the patented single-use mini-brush, designed for on-the-go teeth cleaning and breath freshening, contains unique cleaning bristles and a breath-freshening bead that dissolves as you brush. The first of its kind, Colgate Wisp has just launched in the United States, with positive feedback from retailers.

New technology developed by Colgate scientists is behind many new products. At Hill's, breakthroughs in nutrigenomics, the study of molecular relationships between genes, nutrients and health, led to an improved formula for Prescription Diet r/d Canine, a therapeutic weight management food that helps obese dogs lose 22% of their body fat in just eight weeks.

In marketing, Colgate is breaking ground in connecting with consumers in non-traditional ways, particularly by leveraging the Internet and mobile phones. One successful program is capitalizing on the popular use of the term "Colgate Smile" for any great smile. Colgate encourages a personal, emotional connection with our brand by inviting consumers to share their "Colgate Smiles" via photographs, stories and videos posted on [www.ColgateSmile.com](http://www.ColgateSmile.com) and numerous social networking sites, such as MySpace and Facebook.

At Hill's, innovative technology is being used to improve the way we interact with veterinary professionals. The Company partnered with a digital imaging company to develop high-level graphics that better illustrate how Hill's foods work within an animal's body. This initiative was one of 42 employee-submitted projects awarded funding from Colgate's Global Innovation Fund in 2008.



*"The Forsyth/Colgate Alliance has been a great complement to our work, bridging basic science and clinical research. Our partnership with Colgate has helped foster innovation and is an ideal way to accelerate our commitment to bringing the benefits of our research to the public and the profession."*

**Dr. Ricardo Teles**

Associate Member of the staff in the Department of Periodontology at The Forsyth Institute, the world's leading independent oral health research institution United States

Building On Global Strength:

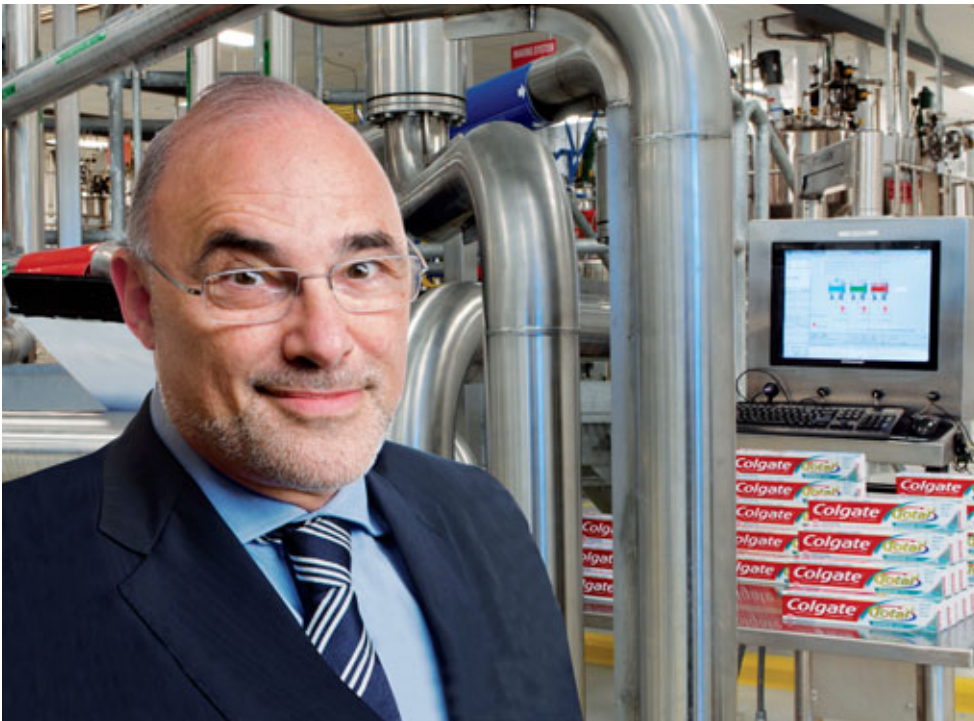
# Effectiveness And Efficiency In Everything



## United States

### Generating Savings Through In-House Label Production

To reduce costs, Colgate's factory in Morristown, New Jersey implemented the in-house production of pressure-sensitive labels for the Softsoap liquids business. Producing 400 unique label designs per year, this initiative is already delivering savings of over \$3.5 million annually.



*“True success comes from the strength of a company’s business networks and its capability to continuously drive innovation and leadership on a global scale. It is clear that Colgate understands this. At SAP, we are proud to be the engine that helps Colgate manage its business and continue to strive for excellence.”*

**Léo Apotheker**

Co-Chief Executive Officer, SAP AG  
Germany

**S**trong emphasis on effectiveness and efficiency in everything we do has been a priority at Colgate for many years.

The Company continues to make good progress in building a truly global supply chain supported by enterprise-wide SAP software. Since 2004, Colgate has reduced the number of manufacturing plants worldwide by over 25%, which includes five new state-of-the-art facilities. We have changed the management of our manufacturing operations to a global structure, and we are improving the way we do business at existing plant locations. In Brazil, for example, by formally separating the manufacturing and distribution functions into two independent entities, the Company was able to streamline the exportation of goods to other Colgate locations, while still providing superior service to the local business.

Aiming for the highest level of effectiveness and efficiency at all plants, during 2008, Colgate implemented a new global approach to factory performance and reliability. The program sets global standards that gauge performance against numerous benchmarks in areas ranging from cycle time to waste management. Each site is required to perform a self-assessment of its compliance with these standards, which is then followed up by an audit performed by a management team from another Colgate location. Still in its first year, the program has already achieved excellent results, including increased asset utilization and reduced scrap levels.

Another global initiative accelerating profitable growth is Colgate Business Planning (CBP), a fully integrated commercial planning and execution discipline, from the budget process through to the store-shelf. Supported by SAP software, CBP incorporates a strong return on investment methodology into all work routines, which together with greater focus on the customer and regular meetings to assess performance against goals, fosters executional excellence. With 87% of our business having implemented at least the first phase of the program as of the end of 2008, CBP is contributing to increased sales, market shares and margin.

In Australia, for example, the CBP process helped to quickly identify certain inefficient oral care promotions. The commercial team promptly ended the ineffective trade promotions and reinvested some of the savings into media campaigns that repositioned Colgate Sensitive toothpaste and Colgate Plax mouthwash into more upscale, premium-priced products. The result was a significant increase in sales, margin and market share for Colgate and its retail customers.

Millions of dollars of savings each year are also coming from more efficient purchases of indirect materials and services, such as telecommunications, printed materials and marketing services. In just one example, in 2008, the Company cut the cost of employee recruitment services by 24% in Poland by reducing the number of suppliers from six to two.



Building On Global Strength:

# Strengthening **Leadership** Worldwide



## Colgate's Leadership Essentials

- 1- Inspiring Leadership in Everyone
- 2- Acting Courageously
- 3- Providing a Strategic Perspective
- 4- Building a Collaborative Environment
- 5- Delivering Outstanding Results

Rani  
Al Hajji

Regina  
Recchi

Derek  
Cairns

Dahiana

## Global

### Developing Leaders At All Levels

Each year, approximately 20 early-in-career individuals, representing all divisions and regions, are selected to participate in Colgate's Leadership Challenge program. Participants spend a week at the Company's corporate headquarters in New York, where they work on team projects and interact with senior executives.

**T**o ensure the Company's long-term success and sustainable business growth, Colgate is firmly committed to developing Colgate people at all levels of the organization. For Colgate people, leadership entails living the Company's strong global values of Caring, Continuous Improvement and Global Teamwork, while managing with respect. Colgate people are accountable for not only the results they achieve, but also for how they achieve those results. Throughout Colgate, these values help build a strong culture based on integrity, ethical behavior and the commitment to do the right thing.

One way Colgate fosters personal leadership and inclusiveness is by conducting informal, interactive "town hall" style meetings at which local employees discuss business results and issues directly with members of senior management and generate innovative ideas. Ranging from as few as 10 people to more than 200, the "town hall" meetings are led by division or functional executives in offices and plants.

Technology is also enabling leaders to communicate better with coworkers. Senior executives use Colgate's state-of-the-art, in-house webcasting studio to interact with employees worldwide, in a more personal and approachable way. Webcasting enables the Company to communicate a consistent message globally, while also allowing for two-way discussion with employees anywhere in the Colgate world.

Leadership at Colgate extends to being a leader in caring for our communities, which includes providing oral health education and preventive services to children and adults all over the world. The Company's largest and most comprehensive global oral health initiative, "Bright Smiles, Bright Futures," reaches 50 million children annually in 80 countries and in 30 languages. Colgate also partners with public health officials worldwide to reach millions of children annually with its "Clean Hands, Good Health" global hand-washing program, which features Protex antibacterial soap.

Another way Colgate is reaching out to communities in need is through its sponsorship of the dental clinic aboard the Phelophepa health care train, a unique mobile medical service which provides affordable access to health care for the people of rural South Africa. The only one of its kind, this mobile dental clinic provides oral health services, hygiene education, restorative procedures and extractions to approximately 10,000 patients each year in the most remote areas of the country. Also as part of this program, a Colgate dental educator and dental students visit surrounding schools to provide oral health education and free dental screenings while distributing Colgate toothpaste and toothbrushes.



*“Upon forming the Global Child Dental Health Taskforce, we recognized that strong and imaginative leadership would be required if early childhood caries was to be eliminated. Working together with Colgate, we have been able to establish national taskforces which support community programmes and help build dental public health capacity. In this project, Colgate has demonstrated, as it has for over 200 years, its global oral health leadership.”*

**Professor Raman Bedi, DDS, DSc, FDSRCS, FFPH**  
Director, Global Child Dental Health Taskforce  
United Kingdom