

## **Shaking a cold market with a hot flavor—Clogard entering the toothpaste market in Sri Lanka with Clove Oil**

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### **Synopsis**

‘Sunlight’, ‘Signal’, ‘Sunsilk’, ‘Vim’, ‘Lifebuoy’ and ‘Lux’ brands marketed by Unilever dominated the Sri Lankan market during the decade of 1980’s in home care and personal care sectors along with ‘Astra’ margarine, ‘Lipton’s tea and ‘Knorr’ in the food category. These products were ‘must have’ for any FMCG dealer to run the business. They occupied the supreme leadership position in the Toothpaste market after successfully eradicating local players who directly competed with them. ‘Forhans’ and ‘Orafoam’ from Maharajas, ‘Superdent’ and ‘Prodent’ from D.A.Abeysinghe, ‘Protect’ from Swadeshi were disappearing from the market by 1990’s while ‘Supirivicky’ from Siddhalepa and ‘Vendol’ from Godakanda were holding a small share under the herbal category. These companies did not have the same financial, technical, marketing and distribution power to challenge the supremacy of Unilever. Therefore the success of the game on challenging the giant totally depended on creativity.

Sheik Hasannally Esufally founded Hemas Drugs limited in 1948 after leaving from his family business of E. G. Adamally & Company. By 1990, the company was managed by 4 of his grandchildren and they had commenced manufacturing of FMCG products and held another business arm in Travels. As a local upcoming star, Hemas Drugs Limited had embarked on their attack to the Baby Care market controlled by ‘Pears’ of Unilever with brand ‘Cheramy’. In 1992 Hemas launched ‘Clogard’ toothpaste with the ‘time tested goodness of clove oil and scientifically tested fluoride’ challenging the market dominated by Unilever with brand ‘Signal’. Successfully battling a court case filed against by Unilever and turning more than one problem into opportunities, Clogard captured 28% market share within 6 years and increased that up to 33% subsequently.

Due to the excessive market dominance of Unilever in home care and personal care categories, they had the strength to operate with strict trading terms that were not solicited by the trade who had no option but to follow. This market sentiment was providing a hint to the Hemas who had already made headway with their ‘Cheramy’ brand to consider toothpaste to be launched through their FMCG Category. There was a similar situation successfully captured by Balsara in India fighting against 4 multinational giants with their ‘Promise’ brand that was introduced with clove oil. After launching the product in 1978, within a very short period of 5 years, they became the 2<sup>nd</sup> biggest player below ‘Colgate’. Any successful new product development has to commence the journey with idea generation. In the Clogard story, it is a classic example of picking the idea from the market itself which is the most important place for a success or failure of a product. The opportunity had already been created due to the success of their ‘Cheramy’ that pitched against ‘Pears’ of Unilever. They were in the best position to leverage on the support from the trade to challenge the dominance of a giant who had the power to control the trading condition to their favor. In the stage of idea screening, the cost factor has to be evaluated. That is where the second hand machine that had been brought in but not used by ‘Lankem’ came to the radar screen of Hemas. Following all the steps up to commercialization successfully, Hemas demonstrated that a properly executed theory can bring the ultimate success.

In the case story, the birth of the local giant Heamsis discussed along with significant milestones of their journey. A family business turning into a world class conglomerate cannot happen unless utmost professionalism is imbedded with the family members who are in the driving seats. That conversion does not happen overnight and it is a process that has to be managed carefully within a reasonable period of time. When Hemas became a reasonable challenger in the FMCG Market, they got into accelerate mode. Identifying the core competence was done by them successfully in the area of toothpaste since there were many failures experienced by some other local giants still operating in the market. Those companies were not failures looking at the businesses run by them but they all had failed in toothpaste business and that was a huge challenge taken by Hemas. While looking at the failures in the local market, there was one success story in the nearby India where a local company had successfully challenged the toothpaste market of India dominated by 4 multinationals. Balsara in India had become the 2<sup>nd</sup> biggest player with their ‘Promise’ brand within a very short period of time due to their insights on the Indian Consumer. They launched the first toothpaste in India with clove oil and managed to occupy the above position within 5 years.

The case story discusses the pre and post launch of Clograd by Hemas combining ‘the time tested goodness of clove oil and scientifically tested fluoride’. The company had clearly understood the repercussions if they launched the product with only one of them. They had to fight against the biggest FMCG player in the market who had enormous power in financial abilities, distribution and over the retail trade. But Hemas was aware of the weaknesses of their opponent and knew how to target their campaigns to reach the consumer. When Unilever took them to the courts and stopped Clogard for a few weeks and it was taken as an opportunity by Hemas to get free publicity on their brand. Eventually when they won the case, the PR activities conducted by them brought very positive results winning public opinion in their favor. The orchestrated attack on Signal using all possible ATL and BTL activities covering all stake holders in the business including sales force, distributors, trade and consumers are discussed in this story.

The key point in the case story is identifying the opportunity precisely correct, coming out with the most appropriate strategy and executing that against all expected and unexpected obstacles. It does not matter how many players have tried the same idea in the past and failed. Important point is to understand what you can learn from other’s mistakes as well as other’s successes. In this case, while Hemas found many failures in Sri Lanka they found one success in India from which they could learn an important lesson. Another learning point for the readers is to understand how Hemas turned all their problems into opportunities very creatively. The hot flavor that was not liked by kids against usual mint flavor was projected as the effectiveness of good germ killing toothpaste. Not having the technology to create 3 strips on the toothpaste was converted to be modern against old fashioned toothpastes with red strips. This case story can be considered as a classic success of a new product development. The reader will understand the significance of following a theory with utmost care to the details and how to maneuver at each point when faced with a problem. Some say that this is the David and Goliath case history that was the toast of marketing fraternity in Sri Lanka.