

## COLGATE PLANS TO INCREASE ADVERTISEMENT SPENDING



The Colgate-Palmolive Corporation, known for being a major supplier of both toothpaste and deodorant, amongst various other products on the market, have released their plans to increase advertisements and advertisement spending as a means of supporting its sales because as of right now, the corporation has been dealing with some tough conditions. The economy is still not fully recovered from the recession and it has definitely caused some difficulties for the company. The recession took place in 2007 and ended in 2009 but has left a huge hole in the United States economy. It is expected that the economy will not be back to normal for several more years and it has definitely been tough on a number of different companies, including the Colgate-Palmolive Corporation. The chief executive of the company, Ian Cook, made a vow to increase advertisements for a number of different Colgate products during 2012. People can expect to see these advertisements on television, online websites, social media, and much more. These advertisements will be just about everywhere. Colgate had recently increased its advertisement spending at the end of the fourth quarter in 2011 and continues to do so during 2012. Because there is an increasing amount of competition from other brands in the world of both toothpaste and deodorant, along with all of the other products that Colgate produces, the company has to compete as a means of winning the market share and advertisements can definitely help with the competition process. The expansion of advertising is expected to increase by about 5.4 percent during 2012. Of course, the growth will be limited in Europe, due to the debt crisis but will be fairly moderate in North America and other markets that are stronger. The creators of Colgate toothpaste and the popular dish soap, Ajax, have reported a 5.4 percent decline in their income, which was at \$590 million. They believe the decline is partly due to the higher price of packaging materials. Colgate is hoping that with more advertising, they will be able to earn a higher income during 2012. However, it will be a challenge, especially because of the troubles with the currency markets and also because the price of materials is not decreasing, even as the dollar begins to strengthen, which is definitely troubling for the company. Cook says, "Usually commodities and foreign exchange were countervailing factors. We're not seeing that right now." He also says, "In 2011 ... the commodities headwind we had to face was double what we thought coming in to the year, and looking at 2012 the rate of increase is indeed slowing. We think it will be between 2 and 3 per cent, [but] it is still at elevated levels."

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