

Colgate's tooth paste competitor in the US market is Procter and Gamble (Crest toothpaste) that keeps abreast of the technology, research and developments, promotion and new product innovations of toothpaste. Competitors undertaking pricing strategies for example buy tubes of toothpaste for two dollars less would attract more customers to use their new product as well as retain sales revenue turnover. In the long-run this effect would give competitor's the edge of having capital readily available for future investment in technology and research and development. Competitor introducing similar product using similar marketing strategies and offering products cheaper can give buyers, retailer and distributors the advantage of having significant power in the market. However consumers may opt for cheaper alternatives using the same features in toothpaste.

2) Buyers bargaining power

Colgate toothpaste innovation and variety of toothpaste line has allowed the company to maintain its premium price. Having their toothpaste ingredients patented and created alliances with hygienist and professionals marketing its toothpaste with high value in tooth decay prevention creating substantial demand differentiating their toothpaste. In this aspect bargaining power of consumer is low. However with respect to buyers such as retailers and wholesalers for example Wall-Mart would have a high bargaining power due to the slow economic downturn of having to increase their promotional activity to gain sales and in so doing they may request huge discounts as a result of this economic condition or retail shelf space among competitors.

3) Suppliers bargaining power

Colgate is dependant on global contract suppliers and manufacturers to achieve cost reduction on their raw materials. These suppliers are now in a position to control price due to the fact that new supplier has to be qualified under the industry and government regulations these would carry a cost in both time of delivery of finished product. Suppliers will then be in a position to control the flow of products and have a high control in the market as switching cost to Colgate toothpaste supplier or manufacturer would be high.

4) Threat of new entrants

New entrant may find it difficult to enter in this toothpaste industry as the market is flooded with established consumer loyalty products some premium priced with their own niche and some low priced competing for market share. Since Colgate has approximately forty four percent of the market share new entrant may find it difficult to enter. This type of industry is highly capital intensive technology requiring large capital investment and high investment in research and development, production and distribution. Also having established relationship with retailers, wholesalers and distributors would hamper marketing of their products and this therefore make the threat of entrants low.