

Personal & Household Goods

Heated razors to smart toothbrushes: Big brands fight back

Makers of household goods try to win back shoppers from upstart rivals



The heated razor is one innovation that consumer goods companies hope will keep shoppers from migrating to smaller rivals

Alistair Gray in New York YESTERDAY

The world's biggest consumer goods groups are planning a new generation of products for supermarket shelves, from heated razors to intelligent toothbrushes, as they accelerate efforts to win back shoppers who have ditched mass-produced brands.

Executives behind household staples including Colgate toothpaste and Fairy washing up liquid have pledged in the past week to step up innovation as investor concerns mount over anaemic sales growth and the [threat posed](#) by upstart competitors.

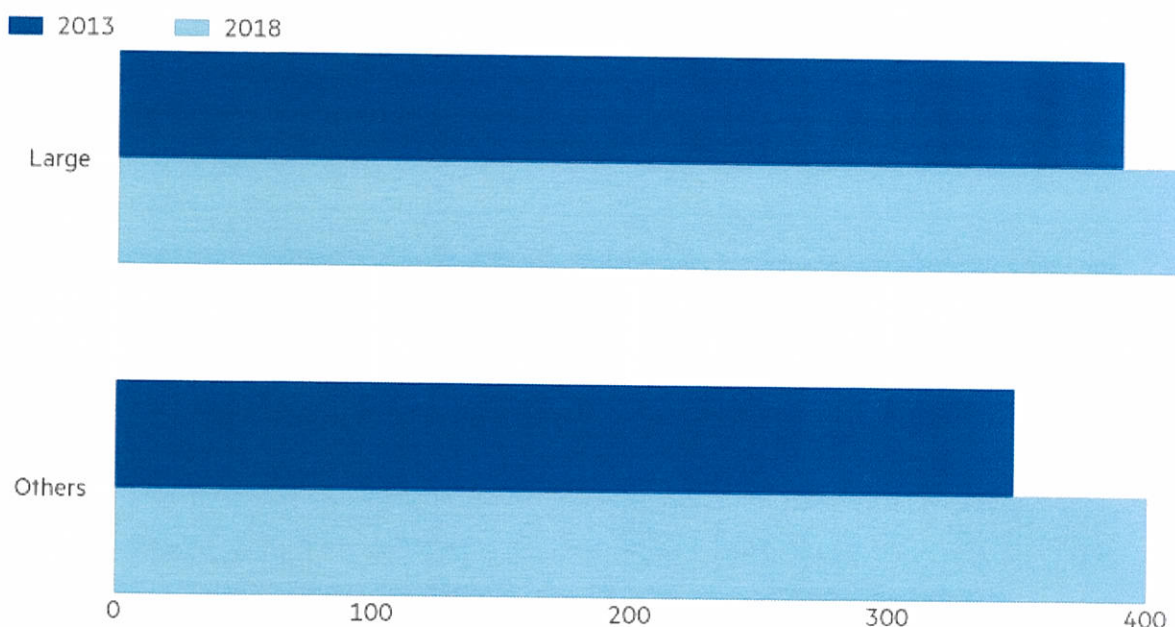
The commitments come as new figures show legacy consumer packaged goods companies have ceded \$27bn in sales in the US alone within the past six years.

Revenues at producers with annual sales of less than \$5.5bn, together with private label suppliers, surged almost 15 per cent to \$400bn between 2013 and 2018, according to market researchers IRI. That was more than twice as fast as the 6.5 per cent rise to \$415bn recorded by the bigger groups.

Wall Street is questioning whether the traditional companies are doing enough to respond as rapidly shifting consumer tastes, changes in advertising markets and the rise of ecommerce allow nimbler operators to grab market share.

Bigger CPG groups lose ground

Sales by size (\$bn)



Large: annual sales of \$5.5bn. Others: smaller companies and private label

Source: IRI

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Companies including [Procter & Gamble](#) have developed products that promise to revolutionise everyday household products, such as camera optics-powered skin care.

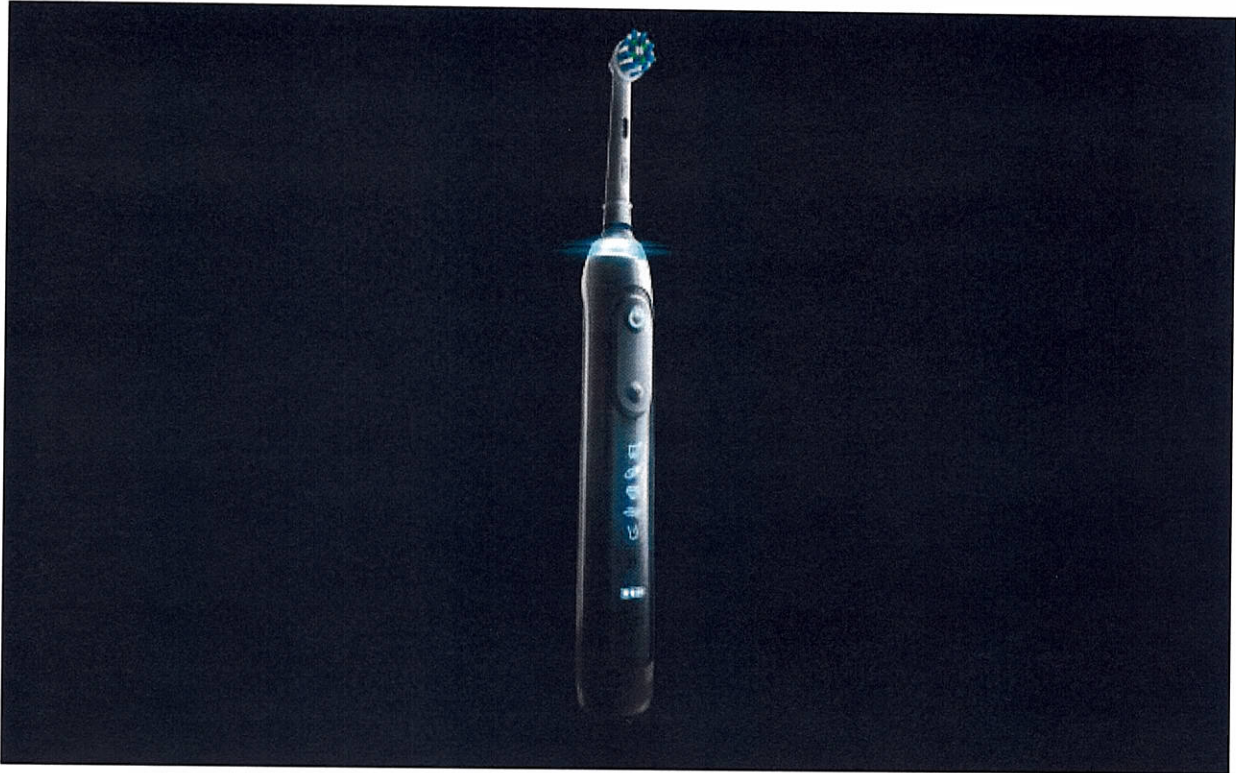
However, most of the industry's plans involve more modest improvements to existing offerings, making them more healthy, efficient or environmentally friendly.

Ian Cook, chairman and chief executive of Colgate-Palmolive, told investors on Friday that the company's innovation plans for 2019 were "uniquely and especially strong". "This is the opportunity to accelerate our growth," he said.

The world's biggest toothpaste maker, which spent about \$285m on research and development in 2017, did not quantify its investment plans.

However, Mr Cook said a new version of Colgate Total toothpaste was the "biggest breakthrough" to the formula since its launch more than 20 years ago. "It has been many years in the making," he said.

Colgate said the new version had superior enamel protection and would improve bad breath. The update will also remove triclosan, a chemical that has raised some [health concerns](#).



Oral-B Genius X toothbrush

“As we talk to our investors, there’s some degree of scepticism on whether or not this can really move the needle,” said Jason English, analyst at Goldman Sachs, of the new Colgate Total.

Recent innovations from P&G include Gillette SkinGuard, a razor for men with sensitive skin, and Crest Gum Detoxify toothpaste, which uses a “cooling activated foam” to help penetrate hard-to-reach areas.

Jon Moeller, the company’s chief financial officer, said: “Our competition is not standing still. Nor are we.”

Investors are also concerned about how much the companies will need to spend to stay relevant.

Shares in Henkel, whose brands include Pritt stick, Right Guard deodorant and Schwarzkopf hair products, dropped 13 per cent last week after the German company said it would boost investments by €300m.

Hans Van Bylen, chief executive, said Henkel was planning to “relaunch the entire hair care portfolio”. He planned “the biggest innovation offensive” for its Persil line of detergent, promising an “all-new deep clean formula”.

Other companies have provided little detail about their plans. Mike Hsu, newly installed chief executive of Kimberly-Clark, told investors last week that the company was planning “more meaningful” innovation.

He mentioned baby care as an example, but the company, which makes Kleenex tissues, Huggies nappies and Andrex toilet roll, said it would not “comment specifically on future product innovation”.

To deal with the threat from smaller rivals, the legacy companies have set up so-called incubators to fund start-ups and turned to M&A. Deals include Unilever’s acquisition of Dollar Shave Club and Procter & Gamble’s purchase of Native deodorants.

“The game has changed,” said Krishnakumar Davey, president of IRI Strategic Analytics. “Others have innovated much more, whether it’s in blades or diapers. The larger players have struggled to keep up.”

P&G TRIES TO BE A LITTLE LESS BORING IN LAS VEGAS

Las Vegas is known for its high stakes and razzmatazz. Procter & Gamble is known for its Ohio conservatism and products such as nappies, tampons and mouthwash. Yet P&G’s executives took the stage at the city’s Consumer Electronics Show this month to showcase the company’s bet on innovation. Here are three of the products they spotlighted:

- Oral-B Genius X toothbrush. Artificial intelligence tracks how users are brushing, and gives them feedback to suggest better technique.
- Heated Razor by GilletteLabs. Features a “warming bar” that heats up in less than a second and claims to emulate the sensation of a hot towel shave
- Opté Precision Skincare System. A wand-like instrument that combines camera optics and printing technology to scan the skin and treat spots.

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