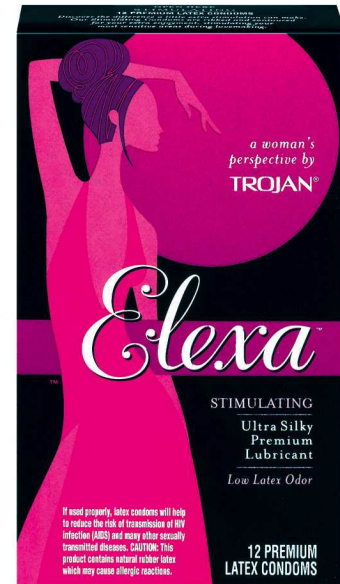


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Growth in the Condom Business: The Double Bottom Line Approach

By Ross Goldenberg '07

Like many Americans, I have a habit of thinking that the U.S. is on the forefront of almost every category of human advancement, from technology to entertainment to medicine. I was therefore surprised to recently find out how America stacks up in terms of sexual health. Among Western countries, the United States has the highest rate of STD's, the highest rate of teen pregnancy, and the highest rate of abortion. There are 65 million Americans with an incurable STD and 19 million more who will contract one this year. While the topics of teen pregnancy, abortion, and safe sex can be quite controversial among citizens, policymakers, and religious leaders, I believe everyone agrees that these statistics are sobering and leave us with a large opportunity for improvement. And when you're in charge of America's number one brand of condoms, such an opportunity doesn't go unnoticed.



I recently sat down with Jim Daniels, CBS alumnus (1993) and Vice President of Marketing-Sexual Health for Church & Dwight, maker of the Trojan brand of contraceptives. Mr. Daniels and I discussed how the current sexual health epidemic in the United States has caused a radical shift in the Trojan brand strategy.

Trojan was acquired by Church & Dwight through a multi-part acquisition that concluded in 2005. Until then, Trojan's brand strategy had largely been built around the natural category expansion which trended with U.S. population growth and around capturing additional market share from the competition, namely Durex and LifeStyles. Yet with a two thirds share of the \$400MM a year U.S. condom market, growth by such means was challenging and limited.



When Church & Dwight bought the Trojan brand, Mr. Daniels' team looked at the statistics of STD's and unwanted pregnancies, looked at the rate at which condoms are being used, and saw an opportunity for a radical shift in business strategy – one with seemingly high financial and social upside. Mr. Daniels reports, “We saw that relative to other Western countries, our condom usage rates were far below those of other Western countries. In fact, among single people 18-54, less than 1 in 4 sex acts involve a condom. So we said, ‘my goodness,’ we need to start thinking as category leaders...how do we grow this category?”

With such statistics in mind, Mr. Daniels set out to retire the 12-year old “Trojan Man” ads and launch an entirely new brand strategy that focused on three key actions. First was a communications strategy that aimed to make people aware that they are at risk. Mr. Daniels wanted potential consumers to know, “It's not going to happen to

somebody else, it's you who is personally at risk and must take a personal responsibility, as part of an overall positive and healthy lifestyle." To that end, Trojan developed their "Make a Difference" campaign which combined the Trojan brand equity with eye-opening statistics on the issue and the benefits of condom usage.

Second, Daniels focused on women, who have the most adverse health risks to STD's and unwanted pregnancies and only buy one out of every three condoms. To induce purchases among women, Daniels' team pioneered a breakthrough in condom marketing. "Elexa by Trojan" was the first line of condoms and other sexual well being products targeted specifically toward women and shelved in the feminine care aisle, a location where women are thought to feel more comfortable buying such products.

The third area of focus, Daniels reported, was innovation. Condoms, he said, are seen as disruptive and distracting in the flow of sexual activity. He therefore posed the question of how to use condoms to increase the pleasure and enhance the experience of sexual acts. To that end, Church & Dwight introduced a series of line extensions, most striking of which is a vibrating ring that comes packaged with a condom.

The result? Daniels noted, "We believe that we're driving that [needed] growth.... it looks like it's working."

Interesting to Trojan's category expansion effort and common to such strategies is the fact that their actions also help the competition. Daniels believes, "The more people are talking about condoms, the more they become normal in our purchase habits... the better it is long-term for the category as a whole...."

While Church & Dwight's efforts to increase condom usage in the United States has incremental benefits to the company's bottom line and the state of sexual well being in the nation, this shift in strategy also comes with its challenges. Daniels has found, "You tend to invoke a lot more commentary – some of it good, some of it not good. In the area of condoms and sexual health... there are moral issues, life and death issues, disease prevention issues, lots of emotion there. So as you take on more of a leadership role and take a stance... it gets people talking."

Daniels' advice on staying afloat in such a politically and emotionally charged market—be thorough in your research, be logical in your argument, and be respectful of your audience. "We've put a lot of thinking up front into what we say, how we say it and where we say it. Strategic diligence up front really pays big dividends as we hand the dialogue over to the general mainstream. The logic of the importance of condom usage is pretty simple and straightforward. And when it's presented in a responsible way, the logic really does win the day."

And at the end of the day, Daniels believes, the new strategy is a win for society, a win for the company, and especially a win for himself and his staff. "It's the most rewarding job I've ever had in my life. Every one of the people on my team are absolutely zealous in our ability to improve those sexual health statistics. We work harder than anybody we know and we've got a very noble cause that we work so hard everyday towards. I mean that. From the administrative assistant to me, we are stewards to the public health in this area and we are committed to living up to that responsibility."