# Consumer Behavior Changes Related to Covid-19 Won’t Last, Says Colgate-Palmolive’s CEO

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Key Insight:

- Household cleaners and sprays are also benefiting, as consumers are cleaning their homes more frequently during the pandemic.

Certain CPG product categories have benefited from the Covid-19 outbreak, and soap is definitely one of them.

During a conference call with Deutsche Bank today, Noel Wallace, CEO and president of Colgate-Palmolive, said soap sales remain strong during the pandemic, with the liquid hand soap category, in particular, continuing to be “very robust around the world.” As people continue to spend a great deal of time at home with remote work and online learning, the company’s dish soap segment has also performed well.

While Wallace believes that changes in consumer behavior stemming from the pandemic are likely to remain “quite sticky,” he doesn’t expect them to be permanent.

“Will they stay at the current levels forever? Absolutely not,” said Wallace.

Liquid hand soap brands in Colgate-Palmolive’s portfolio include Softsoap, Palmolive and Protex, while dishwashing soap

brands include Palmolive and Ajax.

Wallace noted that Colgate-Palmolive's household cleaners and sprays are benefiting, too, as consumers are disinfecting and cleaning their homes more frequently. He believes the categories "will continue to be quite healthy going forward," he said.

On an earnings call with analysts in April, Procter & Gamble's COO and CFO Jon Moeller highlighted a similar increased focus on cleanliness, stating that people were doing more loads of laundry and running the dishwasher more often each week.

"Dish-care consumption has increased as families eat more meals at home and are more concerned about the hygiene of their dishes, glasses and silverware," he said.

In early April, Colgate-Palmolive announced that it was partnering with the World Health Organization on its #SafeHands campaign to help slow the spread of Covid-19. The company pledged to provide 25 million new bars of soap, which come in special packaging that include instructions explaining how to properly wash one's hands. Five of Colgate-Palmolive's manufacturing plants on three continents are producing the soap.

In addition to the bars of soap, Colgate-Palmolive committed to giving $20 million in health and hygiene products to organizations in the U.S. and abroad, along with an employee donation-matching program that runs up to $1 million.

For the quarter ending March 31, Colgate-Palmolive reported that net sales increased 5.5% to $4.1 billion. The company also increased its year-over-year advertising spend by 13%, from $429 million to $484 million.

"We will continue to support our brands through impactful marketing programs," said Wallace during the related earnings call. "We know that compelling advertising behind strong

brands is crucial to maintaining long-term organic sales growth, which is the key value driver for our company.”

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