

Gillette targets emerging markets

[Finance](#), [Market](#)



Statement of the Problem

The problem had aroused after a severe disaster took place in Thailand and this was a financial crisis problem. This crisis had spread across to the whole of Asia, as a result of which many investors stopped investing into emerging markets and the people who had already invested started drawing their money out of the markets. A diseconomy took place and this problem led to a drop in the sales of Gillette especially in Asia, Russia and Latin America as Gillette had targeted the markets there. Gradually these products started vanishing from the retail stores due to the reason that the Russian wholesalers couldn't afford to buy them and eventually it resulted in a great drop in the profits of Gillette and to cut down the costs and save money it shut down 14 of its factories and fired 10 percent of its employees.

Summary of the Facts

Gillette when entered the twenty first century faced a difficulty in deciding whether to target any more target markets or not. When it entered the Soviet bloc it achieved success. Gillette went to a global corporation by the end of the twentieth century and its products were used every day (Kinhomchan, 2005). It had marketed its products in nearly 200 countries and employed 44000 people. The sales of Gillette had been distributed equally in the countries such as the Western Europe (35 percent) the United States (30 percent) and (35 percent) in the rest of the world. With maturity in the developing countries Gillette with the aid of diversification attained growth in the markets. It also had targeted great growth markets in the mid 1990's among which were the countries Russia, India, Poland, and China. Gillette in Russia had a joint venture with St. Petersburg which had for 3

years become Gillette's third largest blade market. It move to Czech Republic where he prospered as well and had bought a company which was a privately owned company named Astra. This gave Gillette a brand market presence.

Analysis

Gillette has from the start been the leading brand across the globe in men's grooming (Pride, 2008). Gillette faces an intense competition whereas a razor market competition is not that intense. Gillette in the 1990's had targeted a lot of markets in China Russia Poland and India and had been helped in expanding by the help of a joint venture. It joins the Czech Republic too and bought the private Astra Company too which gave Gillette a brand presence. Whereas, in the twentieth century it started becoming a global market altogether with its product being used daily by people and thus sales increase in different sectors. A greater amount of sales growth had been achieved in the nineteen and twenty eras. Gillette expanded favorably and emerged into various markets in different countries and prospered with every new market entrance. Gillette started off very well with entering into new markets and increasing its sales till the time when a disconomy came into place which blew away all of its sales and in a month about 80 percent of its sales fell. Gillette despite of this disaster struck continued building new plants in places like Argentina and Russia in order to cover up its costs and increase its sales. Expand in emerging markets as there were other competitors that had been hurt even worse by the financial crisis. Read also emerging business opportunities at IBM case analysis

Recommendations

Gillette products are being used daily by people and because of this it holds great demand. In order for Gillette to expand it needs to understand the consumer taste. Recognizing what the consumers want would help Gillette in producing that and increase its sales effectively. Gillette needs to expand more in the financial crisis as other competitor firms had been affected worse than Gillette so Gillette needs to take advantage of that and increase its sales growth. By merging with small competitors or taking over them it can strengthen its power and flourish for example, like they purchased of the Astra Company which helped Gillette in achieving a brand presence. The hiring of efficient and experienced employees would bring innovation to the company and help Gillette prosper (Richards, 2004). I think Gillette should keep on making efforts to increase its sales and target emerging markets more. Whereas when a company like Unilever enters the market, Gillette should start selling cheap razors to maintain its sales and prevent them from falling.

Conclusion

Gillette holding a strong market value needs to diversify its products and target other emerging markets in different countries. It prospers by the purchase of the company Astra which helps in its expansion. Gillette also used the diversification strategy to increase its sales by producing ballpoints, batteries etc. Gillette also emerged in the markets of Russia which then became the third largest blade market for Gillette. The Thailand crisis had struck Gillette greatly and resulted in a great fall in its sales but as it affected

the competitors more Gillette took advantage to it and emerged in the new target markets in order to cover up what it had lost.

References

Pride W. M. (2008). Marketing. Canada.

Richards J. (2004). Strategic Management: Issues and Cases. Edition: Revised, Australia: Blackwell Publishers

Kinhomchan (2005). How does Gillette success in the overseas markets. From [www. articlesnatch. com](http://www.articlesnatch.com)