

# Clean edge razors – marketing case study assignment

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Jackson Randall, product manager for Clean Edge, must decide on his product positioning strategy for Clean Edge, a new, state-of-the-art non-disposable razor to be introduced by Paramount Health and Beauty Company. By culling information on past and future market trends, competitors, branding, available budget and financial forecasts, this paper will attempt to provide recommendation and insights that may assist Mr. Randall with his decision. This paper supports the launch of Clean Edge razor using a niche-market strategy, at least for the first couple of years.

This conclusion is the result of a careful analysis of the executive steering committee's agenda, the opportunities and trends observed in the razor market, the internal constraints within Paramount and the potential effects on the company's net income. The following observations should frame any discussion of potential marketing plans: 1. The non-disposable razor market has, and will continue, to show growth in future years. Trends indicate that this growth will be fueled by innovations and new products.

Consumer trends, increasing retail shelf-space, media attention and mainstream acceptance of male-grooming support this forecast, and indicates that " Social/Emotional" and " Aeshetic shavers are likely to be a growing segment of the overall market. Exhibit one indicates that these users currently account for 67% of the total market. This bodes well for Clean Edge. 2. Though Paramount currently offers two successful lines of non-disposable razors, it does not yet offer a product that caters directly to the super-premium segment of the market.

Introduction of Clean-Edge as a niche product will minimize cannibalization (which has been predicted to be as high as 60% or as low as 35%). Exhibit 5 indicates that Paramount Pro and Paramount Avail products are still showing largely positive growth. With no apparent sign of a decline in these markets, introducing a product that is positioned to potentially come into conflict with these already successful brands would not be profitable. Maintaining this separation will also limit internal conflict with Mr. Rosenberg. 3.

Clean Edge, in comparison to Paramount's existing products, and in comparison to most competitor products, offers significant product differentiation by way of superior technology. Premium-pricing, skim pricing or plus-one pricing strategies are often encouraged during the early stages of a product life-cycle and particularly in-cases where the product offers a superior technology to competitors. Clean Edge appears to have this advantage. 4. Exhibit 5 indicates significant growth in higher-end products such as Vitric Master, Naiv and Tempest.

Paramount, as an overall market leader with a good reputation, will be able to successfully capture significant market share in this growing segment. A closer analysis of Benet and Klein and Prince figures for 2008-2010 indicate that consumers may be moving from the moderate market segment towards the premium markets. Paramount should take advantage of this trend now. 5. The Steering Committee is " looking to curb excessive marketing expenses in all product categories".

Any budget re-allocation would lead to vigorous opposition internally, particularly from Mr. Rosenberg who has made it clear that he will protect

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Paramount Pro's current allocations at all cost. Mr. Randall suggests that a successful mass marketing strategy would require upwards of 42 million dollars for the first year. This amount is almost as much as Paramount spent to market all non-disposable products during 2009-2010. Therefore, a mass marketing strategy that is to have a reasonable chance of success is simply not financially feasible. . A comparison of product margins and marketing costs between niche positioning and mainstream positioning would support the previous point. Profit margin per unit sold is considerably higher in the niche-market strategy than it is for a mainstream approach and this further bolstered by the high margins in the purchase of cartridges and the observation that " replacement cycles have been shortened". Furthermore, marketing expenses in the latter case are between 2 and 3 times higher than the niche alternative.

The possible profit incurred from a potentially larger volume of sales is offset by the higher margins and the lower marketing expenses associated with a niche strategy as well as the uncertainty associated with the success of a mass-marketing approach in a competitive market. As such, a niche-market strategy is proposed for the first two years. This approach is likely to be successful for the simple reason that Clean Edge is a quality product ??? its success will be contingent on product-differentiation based on superior performance and technology.

However, this will not last forever in a highly competitive, elastic market where imitation and replication is not difficult and is perhaps unavoidable. Therefore, this approach will have to be revisited in the medium term at

which point the product may need to be upgraded or a harvest pricing approach will have to be introduced towards the end of the product life-cycle. ————— [ 1 ]. Benet and Klein's Vitric Master focuses on some product innovations, as the soon-to-be-launched Naiv razor which is conceptually similar to Paramount's Clean Edge. [ 2 ]. Pg 2