

# [Gillette 1630](https://assignbuster.com/gillette-1630/)

Gillette is leading worldwide home applicants, such as

razor, battery, electronic and manual toothbrush,

manufacturing company. On April 14, 1998, the company

introduced the world" s first triple blades razor and begun to

sell July 1, 1998 in the United States and September in the

Western Europe. Since Gillette launched new razor in

1998, the company expected high returns in short-term;

however, the result of the new product has been defined

yet. SWOT ANALYSIS - Key Learning The areas of the

internal factors are Finance, Management, Manufacturing,

Market position, Personnel, and Research & Development.

All these factors can be defined as either strengths or

weakness or both. First of all, the company as a whole

gained net sales amount of 10. 1 billion dollars and net

income of 1. 4 billion dollars for the 1997 due to acquire

leading battery company " Duracel" in 1996 and grow of

" Sensor Excel" razor. As a result, company could spend 1

billion dollars to invent " Mach 3" which is triple blades

razor. Even though Gillette had sufficient fund to invent the

new product, the company took high risk of financial side

that if the new product" s sale does not reach to company" s

expectation, the company will face shortage of capital

resources and can be lead to bankruptcy. But if Mach3

turn out to be a New Coke or McDonald" s Arch Deluxe aˆ“

much-hyped new products that were mostly duds and

fizzle- the gloom will be heavy from Gillette" s corporate

headquarters in Boston" s Back Bay to the South Boston

factory that Gillette has overhauled to produce 600 million

Mach3 blade cartridges per year, or about half of Gillette" s

annual target of 1. 2 billion Mach3 blades. (Boston Globe,

4/15/98) Since Gillette introduced " Mach3" in April, the

company changed its manufacturing tools to produce

Mach3 South Boston's factory. Gillette already spent 300

million dollars for advertising and promotion worldwide for

the year that company introduced new product. The

amount is twice as much as the company put for advertising

" Sensor Excel" in 1989. Gillette released the new product

to retail stores on July 1, 1998, and starts to advertise on

TV and the other media six weeks later; however, many

people went to the company's web site to look at the new

product. Even though company spent tremendous amount

of fund for the advertising, some people from Asia did not

recognize the product according to our group's survey. For

customers, there are satisfaction and complaints for

Mach3. People, who satisfied with Mach3 according to

our survey, said there are less irritation and faster shaving

time. Customers who complaint about Mach3 argue that

they do not want to spend more money on better outlook.

According to our survey, one hundred percent of

surveyees, who does not satisfy with Mach3, say the price

is too high for the product. Price is relatively higher than

other products including " Sensor Excel" which was the

most expensive one before " Mach3" came out. Its price is

6. 99 dollars per razor with one blade included - currently,

the company is selling for 7. 29 dollars per Mach3. It is 4

percents increased from original price, and 40 percents

higher price than other products. This may lead to decrease

in sales and the company" s total revenue. The company is

trying to reach customers several different ways. Gillette

offers Mach3 package product, which included Mach3

itself and couple of extra razors, Shaving cream and

deodorant. This package product makes each items" unit

price lower than sell separately. Also, the company offers

sweepstakes on the company's web site, and there is no

obligation. This is the one of the finest ways to reach and

get involve the customers. The company give chance to

people to win prize without any obligation; however,

people will recognize the product automatically. Also,

Gillette can acquire the Since Gillette is well-known global

company, many retail stores are not offended to carry the

company's product even though the product's price is high.

Retail stores are assume that Mach3 will bring more

customers. On the other hand, even more customers come

to store, it is unpredictable for increasing store" s sales

revenue because price is too high so that consumers would

not buy. External factors are Competitive, Economic, and

Social. Gillette" s major rival in the market is Shick. Since

Gillette is the first company produce triple blades razor, the

company will lead the market; however, rival company

such as Shick will develop the same product with higher

quality or lower price. Then the result will be unforeseen

unless Gillette improve Mach3" s weakness - " high price".

For long time in the United States, people" s income has

been growing. As a result, customers purchasing power

also increased. However, the company" s market is not only

the United States but also overseas, in fact, over sixty

percents of sales are made from overseas. Consequently,

the company has to consider the facts that poor countries"

consumers are willing to use cheaper product; especially

the countries in economic crisis. Recommendation There

are 3 target groups in the market. The first group is

disposal razor users that it's approximately more than half

of the market. The advantages of this group are cleaner,

cheaper and easy to use. On the other hand, it is less

quality than other two razors. The second group is regular

razor such as Mach3 about 40 percents. The last group is

electronic shaver users which it takes remaining market

share. The customers who use the electronic shaver

satisfied with high technology, easy to use, saving time and

safety compare to the other two products. The

disadvantages of this product are high price and less

cleanness when one shaves. The goal of Gillette is trying to

acquire customers who use disposal and electronic shaver

to Mach3. In order to persuade the customers to change to

Mach3, the company should beat other product's

weaknesses and add the improved the weakness of the

other product to Mach3 and decreases of its weakness.

Mach3 has several strengths; the first impression is fancy

outlook that makes customers feel differentiated from other

products. Second of all, men are challengers, always

pursue new trend; especially on the tangible items with high

technology. Although Mach3 has several strengths, it also

has weaknesses. High price makes people think twice to

purchase Mach3; the older generation of the Gillette razor

is cheaper than Mach3, that makes people wonder if it is

necessary to spend more money on the Mach3. The key

purpose for Mach3 is to shave beard, but the older

generation is also doing same job as Mach3; that makes no

different between older and newer product. The next

weakness is the advertisement. Gillette has spent 300

million dollars on the advertisement, but we did the survey

with at least thirty people; 22 out of 30 surveyees know the

brand from Television and magazine, but they have never

uses it. This means the advertisement has preached the

good news, but it has not reach people's life. The majority

of men do not know why they should spend more money

to buy same result. The marketing strategy did not fail the

sale of the Mach3, it is price controller. The main point of

the marketing is to opening a market for product. Since

73% of the men from the survey know the product, this

mean the marketing strategy succeed its intention. The

biggest mistake we found is the price. As I mentioned, " the

majority of men do not know why they should spend more

money to buy same result". I would recommend to the

company, to lower the price and match the same price as

older generation. Let public buys Mach3 as the same price

as older generation, allow public to try out differences

between Mach3 and older generation. After when market

demand of the Mach3 is higher than older generation, then

increases its price.