

Gillette 1630



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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 a^“ 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.