

A study on gillette in china marketing essay



**ASSIGN
BUSTER**

This is a case study of the marketing plan of Gillette's shavers in China.

Concurrent with China's booming economy, this paper seeks to evaluate potential business opportunities that are available to Gillette.

2. Executive summary

This paper covers the men's shaving systems in China. Firstly, China's external market will be analyzed from the economic and social perspective. After which, the focus will be placed on the men's grooming and personal care market.

Gillette's history and past operations in China will be explored within this paper as well its current marketing strategies. Existing problems faced by the company will also be addressed. Apart from Gillette, this paper also looks at one other international competitor, competing in the same geographical region, which is Schick-Wilkinson Swords.

This paper suggests some recommendations for Gillette to overcome its problems and future challenges.

The main objective of this case study on Gillette in China stems from several factors. Firstly, since China's accession into the World Trade Organisation (WTO), it has shown tremendous potential in being the next major economy. (Refer to Appendix 1: Map of China) This itself, presents countless business opportunities to enterprises looking to penetrate into the market. Secondly, the liberalisation of its economy has accelerated China's growth tremendously and rapidly, helping it achieve higher standards of living. Along with this comes increasing affluence and thereby the rising purchasing power of the Chinese consumers. Coupled with globalisation, Chinese

consumers are now more exposed to external brands and trends, therefore are less resistant to non-traditional ideas. In a nutshell, the aforementioned factors present us with an opportunity to take a closer look into the China market to study its business environment and explore the many hidden opportunities waiting to be discovered.

3. Business Mission

A century of proud history, Global Gillette, formerly The Gillette Company, likes to be on the cutting edge. The drive to seek new competitive advantages in quality has constantly placed them on the forefront in the industry. The group's principal activities are to manufacture and sell consumer product throughout the globe. Gillette operates under five segments; Blades and Razors, Duracell Batteries, Oral Care, Braun and Personal Care.

It's Mission Statement and Core Values are as below;

MISSION STATEMENT

The Gillette Company's Vision is to build Total Brand Value by innovating to deliver consumer value and customer leadership faster, better and more completely than our competition. This Vision is supported by two fundamental principles that provide the foundation for all of our activities: Organizational Excellence and Core Values.

Attaining our Vision requires superior and continually improving performance in every area and at every level of the organization.

Our performance will be guided by a clear and concise strategic statement for each business unit and by an ongoing Quest for Excellence within all operational and staff functions.

This Quest for Excellence requires hiring, developing and retaining a diverse workforce of the highest caliber. To support this Quest, each function employs metrics to define, and implements processes to achieve, world-class status.

CORE VALUES

As we work toward our Vision, three core Values define the way we operate:

Achievement

We are dedicated to the highest standards of achievement in all areas of our business. We strive to consistently exceed the expectations of both external and internal customers.

Integrity

Mutual respect and ethical behavior are the basis for our relationships with colleagues, customers and the community. Fair practice is the hallmark of the Company.

Collaboration

We work closely together as one global team to improve the way we do business every day. We communicate openly and establish clear accountability for making decisions, identifying issues and solutions, and maximizing business opportunities

(gillette. com)

4. External Marketing audit

4. 1 Macro-environment

Political

China's leaders want continuing economic liberalisation and sustainable growth alongside enduring political control. They recognise that many people have lost out since economic reforms were launched at the end of the 1970s, and that such large numbers of disadvantaged citizens constitute a political liability. Accordingly, the balance of economic development is being tipped towards social priorities. The economy is opening up now that China has joined the World Trade Organisation and is pursuing further liberalisation. A private sector made up of domestic and foreign-funded interests is now fully encouraged to expand and complement the state sector. Lagging political reform is the biggest obstacle to China's economic and social progress over the next decade. The 3 main problems pointed out are corruption, unemployment and the environment as areas that are steadily worsening. As such, the continued growth of this massive economy very much depends on the political reforms.

Economic

Real GDP rose by 9. 5% in 2004 and growth of 8. 5% is expected in 2005. Growth in 2006 should be about 8%. Prices rose by 4% in 2004 and an increase of another 3% should occur in 2005. Inflation in 2006 is forecast to be 2. 5%. By 2003, China's per capita GDP had risen to almost US\$1, 100. At this level, the income of the average Chinese is still only about one-eighth the average per head in the world's high-income countries. There is a significant gap between China and the developed world, but these differences also underline the huge potential for growth. In spite of the

stronger growth in total consumption, private consumption has declined as a share of GDP in recent years. Also, growth of consumption in rural areas has been slower than in urban areas. Private consumption as a share of GDP is below the 60% average seen in other countries with a per capita GDP of around US\$1, 000. An increase in the share of private consumption to GDP would help smoothen fluctuations in economic growth caused by swings in investment and would reduce the imbalance between supply and demand in some industries.

In July 2005, the government scrapped its currency's peg to the US dollar and at the same time revalued it by a modest 2. 1%. Most analysts expect further revaluations over the next 2-3 years. Concerned about economic overheating and unbalanced socioeconomic development, Beijing is also expected to take steps to control credit expansion and stress a more balanced approach, with help for rural areas. These efforts, designed to slow the pace of growth, must be carefully balanced with other policies to limit the rise in unemployment. According to official estimates, an additional three million workers in state-owned enterprises will lose their jobs every year between 2003 and 2006, when restructuring is to be completed.

Social

China is the most populated state in the world and continues to grow, with expectations of 1. 5 billion people by 2050 . She is one of the world's oldest civilizations with a rich 2 history spanning back to more than 5000 years ago. The average life span is 71 years , 3 and as the population grows the employment sector grows. China's employment rose from 650 to 730 million between 1990 and 2001.

A country's economy is very much dependent on the foundation of the social infrastructure to support and sustain it. China's social fabric is growing stronger every year and as a result quality of life has dramatically improved over the past 30 years. Since 1949, the Chinese government has placed an emphasis on education, initiating reforms that have increased the number of students. Around 91% of China has implemented compulsory primary education resulting in almost 99% of school-age youth attending school and a declining dropout rate. The literacy of young and middle-aged people has increased by 7% and the illiteracy rate among China's adults has been reduced from 22. 23 to 8. 72 percent in a 10 year-period.

Concurrent with a restored status at the World Health Organization (WHO) in 1972, China's healthcare system improved resulting in better overall health for the people. China now has an average 2. 33 hospital beds and 1. 6 doctors for every 1, 000 people , and 4 the mortality rate has dropped to an all time low of 6. 5%. All these indicate the rapidly growing quality in the living standards.

The Chinese people have strong work ethics, based on a long history of hardworking farmers, strong laborers and creative philosophers. As the population grows more educated and with the growing affluence of the Chinese, there will be increased emphasis placed on the quality of the products that they purchase. China now has an average 2. 33 hospital beds and 1. 6 doctors for every 1, 000 people , and 4 China Statistics Bureau 1

www. populations. com 2

www. china. org. cn 3

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www.xinhua.net 4

4. 2 Micro – environment

• Supplier Power

Gillette has always providing the best shaving care products which targeting to men and women. Also, Gillette has always innovates its shaving technology in a market that thrives on innovation. This innovation can be seen as Gillette introduces three-bladed (Gillette's March3) and five-bladed (Gillette's Fusion) razors. Moreover, Gillette's supplier power also encouraged by its marketing effectiveness in promoting its products. For example, Gillette created its " The Best a Man Can Get" campaign which is one of the most successful marketing campaign in history.

• Threat of Substitutes

In order to develop substitutes in razor and blade market, Gillette introduce five-bladed razor. But, the price of this new razor becomes a threat since it is more expensive than the three-bladed razor. Moreover, critics also wondered why five blades were needed to get the...