

# Product innovation at gillette analysis marketing essay



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Gillette is considered as the first choice of both male and females. Both genders 16 years of age or above are the target market for Gillette's shaving products. The brand marks its success to a passion for innovation and new product development. The Gillette Company was established in 1901 and then acquired by Procter and Gamble in 2005 for US\$57 billion. After the success revealed by Gillette in its third-quarter results in October 2004, the company launched several new products, including the M3Power razor for men, the Venus Divine razor for women, and two new electric toothbrushes, the Professional Care 8000 and the Sonic Complete.

Since the inception of Gillette, a strong commitment to innovation has kept the company razor sharp. Gillette is renowned for its absolute dominance of the wet shaving, dry shaving and personal grooming markets. In fact, each and every division of the company is profitable, fast-paced, number one world-wide in its markets and anchored by a steady flow of innovative new product offerings.

Every year, Gillette introduces its new products into the market. In December 2004, Gillette introduced two new women's razors under the name of its highly popular Venus brand.

New product introduction is the mantra of a company-wide culture that supports innovation. Gillette encourages innovation that will cannibalize its existing product hits. The company also accepts blunders and dead ends as a normal course of activity in terms of creativity and innovation. It accepts that it must generate dozens of new product ideas to get just one success in the marketplace. Gillette strongly encourages its people to take risks in a

creative ways in applying cutting-edge technologies to find substantial improvements that make life easier for customers. New product development is complex and expensive affair but Gillette's mastery of the process has put the company unique in its own class.

Brands that are competing with Gillette such as Bic and Wilkinson have managed to claim handsome shares of the disposable-razor market, and Norelco and Remington compete effectively in electric razors with Gillette's Braun unit. But Gillette with its significant and stunning technological superiority operates with virtually no competition worldwide in the burgeoning cartridge-razor sector. Supported by Gillette's biggest new-product launch up to that point, the Mach3 strengthened the company's stranglehold on this market. Within only a little time span of its introduction in the market, Mach3 razors and blades were number one sellers. The new M3Power system is the beginning and evolution of the Mach3 product line.

At Gillette, it is a ritual that almost everyone gets involved in one way or another with new-product development. Even people who do not participate directly in the product design and development are likely pushed into service-testing prototypes. Every working day at Gillette, 200 unshaven employees march to the second floor of the company's gritty South Boston manufacturing and research plant to evaluate razors for sharpness of blade, smoothness of glide and ease of handling. When done, they enter their views and judgments into a computer.

Gillette mainly excels in bringing new product to the market. The company knows that, once introduced, fledging products need generous

manufacturing and marketing support to thrive in the competitive consumer-products market place. To deliver the required support, Gillette has devised a formula that calls for R&D, capital investment, and capital expenditures, which it name it collectively as “ growth drivers”.

In addition to its innovative product marketer, Gillette is a sports marketing pioneer. The company is in partnership with NASCAR through its “ Young Guns” program. The company’s sponsorship of sports events started from 1910, when baseball players were featured in advertisements for the original Gillette Safety Razor. In Massachusetts, the home of the NFL’s New England Patriots is called “ Gillette Stadium.” Gillette also has a close relationship with Major League Baseball, World Cup soccer, the PGA Tour, and the National Hockey League.

Thus, we can confidently say that superior new products combined with innovative marketing programs have been the basis of Gillette’s remarkable success. In February 2005, the company reported record annual and fourth-quarter results with double-digit percentage increases in net sales. CEO James Kilts attributes the successful year to the company’s new product achievements:

Gillette has come up with excellent results across the board, fueled by our largest and most successful new products effort ever. Key success attributes are: M3Power, the first battery powered wet shaving system; the Venus Divine premium system for women; the Oral B Professional Care8000 power rechargeable toothbrush; and the Sonic Complete, the Company’s first entry

in the sonic segment of brushing. 2005 will be another very good year. It promises to again be our most active year for new products.

Success stories like these made Gillette a desirable acquisition for Procter & Gamble. The deal to acquire Gillette is the largest in history of P&G to date.

### **Background:**

Gillette is a remarkable brand when it comes to shaving products. Since 2005, it has been acquired by consumer product giant, Procter & Gamble. Procter & Gamble commonly known as P&G is a continuous product innovation and development company. It has gathered large amounts of revenue by its ritual of product innovation and development. Every year it introduces new products to its product line particularly in Gillette division. It also engages its employees in its product development program and if people are not directly involved in this, then the troop of 200 unshaved men are pushed to check on the razors by shaving from them and then are required to write their reviews about the razors in the computer. By this the author meant that it is kind of habit in P&G especially in the Gillette division that every person is engaged in product innovation. The company knows that by constant innovation and new product development, the company will only get a fraction of the success rate but it still continues this practice and earns large amounts of revenue from this. It also has the policy of cannibalizing its existing product hits.

Acquiring Gillette is one of the most significant decisions by P&G in terms of earning high percentage of profits. It is not wrong to say that Gillette is one of the most profitable units of P&G.