

Clean edge razor

[Business](#), [Marketing](#)



Clean Edge Razor Haifeng Chen 1. What changes are occurring in the non-disposable razor category? Assess Paramount's competitive position. What are the strategic life cycle challenges for Paramount's current product as well as for Clean Edge? The rate of new-product introductions for non-disposable razors and refill cartridges had accelerated in recent years, with an unprecedented flurry of 22 new stock-keeping units being introduced between 2008 and 2009. Most of these new SKUs were line extensions targeted at the super-premium segment and promoted benefits from advances in technology.

Because of the new product introductions and in order to simulate demand, total media advertising expenditures in this category had been rising faster than retail market sales, and this trend was expected to continue. And the distribution of such products has been changed for the increasing shelf space for the product category. And the consumers have changed into more sophisticated in shaving. Paramount has two non-disposable products, which allow the company to capture the unit-volume market-leader position.

About the product life cycle, providing a product with good cost x benefit but with a short life cycle for the 33% called "Maintenance users" keeping these users buying their products and interested in their brands. Otherwise, launch the Clean Edge product with a longer life cycle. Also, making this product profitable creating a fidelity from the consumer when they buy cartridges for refill. 2. How is the non-disposable razor market segmented? Examine consumer behavior for non-disposable razors. Paramount found that the intensity of involvement with the product varied significantly among consumers.

There is a group of consumers that Paramount labeled as “ Maintenance Shavers” who were almost completely disinterested in the product category. They treat the shaving as a chore and do it inconsistently. “ Social/Emotional” shavers were motivated by the overall shaving experience. They think that shaving is an essential part of a daily grooming ritual and also makes them feel more attractive and confident. “ Aesthetic” shavers were more fancy of cosmetic result. They not only remove the unwanted hair but also want to smooth skin. The three categories have different wants and demands in a shaving behavior.

We can observe that 67%(39%+28%)consumers are focusing on the premium segment. Also, they are becoming more sophisticated and expecting new technologies to smooth the shaving process. 3. What are the arguments for launching clean air as (a) a niche product; (b) a mainstream brand? Which would you recommend? What are the strategic implications of your recommendation? The argument for launching Clean Edge as a niche product is that if launching the Clean Edge as a mainstream product, the company would face a crisis that the customers of Pro products would transfer to the Clean Edge.

The strategy will dilute the brand power for the Pro so as to lead to the unwanted cannibalization. Otherwise, launching Clean Edge would complement the existing product portfolio so that expand the product line. If launching it as mainstream product, the reasons are that the consumers are becoming more sophisticated and expect more advanced technology. Positioning Clean Edge as a mainstream product will help prevent loyal Paramount customers from being wooed away to more innovative brands.

My recommendation is based on the initial financial forecasts for both options and the ROI.

The Exhibit 7 indicates that the total cost of launching niche first year is $1 \times 5 + 4 \times 2.43 + 15 + 0.61 = 30.33$ m, the revenue is $9.09 \times 1 + 7.35 \times 4 = 38.49$ m. The ROI would be $\frac{38.49 - 30.33}{30.33} \times 100\% = 27\%$. The total cost of launching mainstream is $3.3 \times 4.74 + 9.9 \times 2.24 + 42 + 1.71 = 81.528$ m, the revenue is $3.3 \times 7.83 + 9.9 \times 6.22 = 87.417$ m. The ROI would be $\frac{87.417 - 81.528}{81.528} \times 100\% = 7.2\%$. After calculation, I would choose to launch it as niche product, because the ROI of niche product is much more greater than mainstream one which means we can invest less to gain more. 4.

Based on your positioning strategy, what brand name and marketing budget allocations would you recommend? Based on my positioning strategy, the brand name would be more suitable for standing apart from the current lines with an emphasis on the "Clean Edge" name. because the positioning is launching a niche product which is a branch of the main brand. If the new product does not well in its sales performance, it would not hurt the main brand intensively. The other reason is that applying this sort of brand name, it would not easily cannibalize the main brand product, which is good for the existing product.

Speaking of the budget allocation, I will recommend the company focus on the advertising more. Because we position the product as a niche product, the buying behavior will slightly relate to the trade promotion. The targeting group doesn't really care about the trade promotion, what they really care about is that if there is a specialized product made for them. The essential part is letting them know there is something we made for them. So I think

the company can reallocate the trade promotion budget on the advertising budget.