

# Product innovations at gillette

Business



## **Evaluate product innovation at Gillette throughout its history.**

Gillette has invented the first safety razor with disposable blades in year 1901 which is one of the new-to-the-world products. This safety razor serves as a basic product, for the market segment of men who shave regularly, providing them high quality shaving experience. The safety razor differentiates itself from the razor used at that period of time-- the straight razor with an open blade, with its cover over the two edged blades, make it easier to handle and prevent cuts while shaving.

This safety razor can be evaluated as a successful product, with its outstanding market performance of 50%-70% over the next 7 decades, and achieving \$6.80 profit per share. However, due to the lack of focus on product development, Gillette lost its market edge to Wilkinson Sword-Schick's Stainless-steel blade, a new entry to the shaving market with a significant reduce in market share to 49% in 1962.

However, Gillette didn't realize the importance of product innovation and it took them 12 years to introduce the world with another product, the Trac II razor, a safety razor with two blades whereby the second blade cut the number of strokes required & reduced facial irritation. Trac II is an improvement and revision of Gillette's disposable safety razor. However, although being capable to continue its dominance in the razor segment, Gillette is unable to regain its past glory of high profit per share performance, and remained at the range from \$1.3 to \$2.83 in 1974. Later in year 1976, Gillette continued to innovate and introduced other products

with improved performance, such as the Atra razors with a pivoting head which enable men to shave their neck. Other new products which continue to lengthen Gillette's product line are the Good News! disposable double-blade razor, which is more convenient for men to use and Daisy razor, which serves the segment of women who shave regularly.

These new product lines strengthen Gillette's position in the global market by gaining 75% of the global market share whereby Gillette achieves for the first time in the history—the \$2 billion mark of sales volume by the end of 1980. In addition, the Good News! brand had been the best-selling disposable razor in the United States each year since 1976 and with its moderate increase in sales enabled it to maintain its position as the number-one seller in this product category worldwide. In the effort to further widen the product mix of Gillette to capture other segments of the market, Gillette continues to develop new products. The Atra-Plus shaving system, which featured a refillable Atra cartridge with a lubricating strip, is an example of another incremental innovation. Along the same revolution is the Good News! line to include a disposable razor with a lubricating strip. Other new product-mixes which carry Gillette's brand name are the Aapri facial care product, Dry Idea deodorant, Bare Elegance body lotion, Mink Difference hair spray, White Rain hair care products, and Silkience shampoo and moisturizers.

These products help Gillette to serve other segments other than men and women who shave regularly and also build Gillette's brand awareness and brand equity in the long run. In 1990, Gillette continues to strive for the dominant sales position around the world with more incremental innovative

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products. Gillette launched the original Sensor razor, the first razor to have spring-loaded blades which claimed that the blades receded into the cartridge head, when they make contact with skin, helping to prevent cuts and allowing for a closer shave.

In 1993, the Sensor Excel was introduced with the added feature of "Microfins," a piece of rubber with slits at the bottom of the cartridge and Gillette claimed this helped to raise facial hairs, making for a closer shave. Along the same product category which serves the women segment is the Sensor for Women system, launched in 1992, which is the revision of the Sensor and Sensor Excel product line. This system established a major hold on the market for female razor products in the United States.

With such effort, I think Gillette succeeded in increasing Gillette's brand awareness thus increased its brand equity, although the continued success of the Sensor family of shaving systems led to the gradual decline of the Atra and Trac II twin-blade shaving systems. Six years after in year 1998, Gillette introduced the world with Mach 3, a razor with three thin blades designed to provide a closer shave in fewer strokes with less irritation.

The Mach3 featured five improved microfins and spring blades, a pivoting head with greater flexibility and a blue lubrication strip that faded with usage to encourage users to change their blades more frequently. The feature of the fading lubrication strip served as a great influencer to impact the consumer to buy more of Gillette's product—the cartridges. The Mach 3 became Gillette's most successful new product ever as sales hit \$ 1 billion in only 18 months. Besides, being the winner of the American Marketing

Association's Grand Edison Award as the best new product of 1998 also proves the success of this innovative product. Further innovation efforts in this product line are the Mach3 Turbo and the Venus system for women. Besides, Gillette is able to widen its market share to teens who shave with a line of Sensor razors in a variety of colours in an attempt to develop lifelong customers at a young age. Due to the high profit margin Mach3 created for the shaving market and the uncontested market space, Schick's enter the market with Quattro—the world's first four-bladed razor.

Besides, another product which carries Schick's brand is the Intuition razor, also suits as the close substitutes to the Venus and Sensor shaving system. The occurrence of direct competitor, competing for the same market segment has affected Gillette's market share to fall 4.3% from 67.3% to about 63%. Therefore, Gillette started to react aggressively by continuing its progressive geometry technology innovation by introducing the Fusion razor in 2005. The Fusion uses a unique five-blade design with a single blade on the back of the cartridge for use in trimming moustaches and sideburns.

Initial sales were very successful as over 4 billion razors were sold within the first two months, 20% more than when the Mach 3 was launched in 1998.

Despite many sceptical issues were brought up involving the pricing strategy, product value and the frequency to have to replace the cartridges, Fusion still gain its success by approaching the \$ 1 billion sales within 3 years. However, the consumers reflected in the Consumer Reports whereby Fusion was no better than other razors, particularly the Mach3.

In the later stage, Gillette continued to innovate by offering power versions of its razors that contain tiny electronic motors in the handle. These motors create a vibration in the blades that cause hair to stand more erect, thus giving a closer and smoother shave. The powered razors also helped promote each company's batteries. Other products which contribute towards Gillette's sales are the supplementary products, for example the chemistry of shaving creams, gels, and aftershaves in order to compliment the shaving experiences.