

Gillette
MACH3



**Business Case Study
of
GILLETTE, THE RAZOR BLADE
STRATEGY**

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Beginning of Gillette

- Gillette gave the world billion dollar idea.
- Shaving was really difficult in the 19th century.
- Mr. King Gillette, made a patent of his design of razor.
- When the patent validity ended, other competitors gave tough competition to them.
- From 1921 to 1922, Gillette faced 20% downfall in sales.

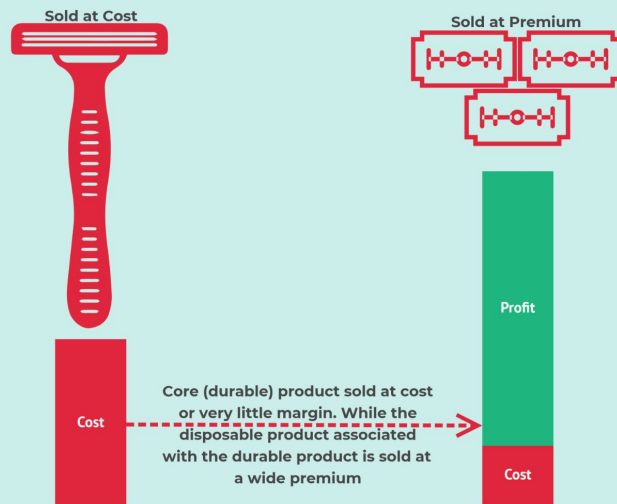
Razor Blade Model

- Sell razors at low profit, sell blades at higher margin.
- Give them the razors, make them come back for the blades.
- Even sold at loss to get people into the Gillette ecosystem.
- In 1923, the sales of Gillette razors skyrocketed by humongous 127%.

Razor Blade Model

The Razor Blade Business Model In A Nutshell

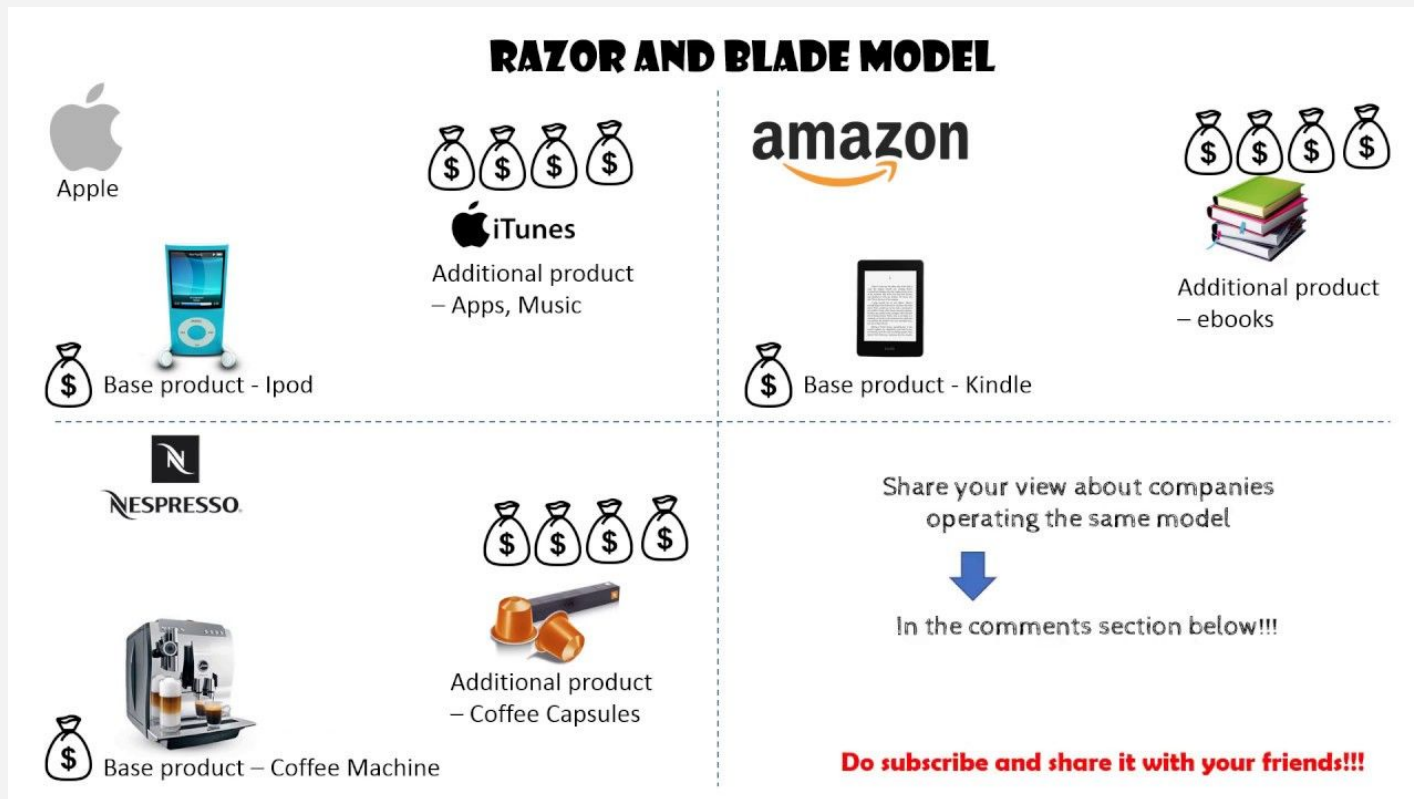
The razor blade business model, also known as the razor-razorblade model, involves selling a product at a lower price to then sell a related product later for a profit. The razor and blade business model has been popularized by King C. Gillette, founder of safety razor company Gillette, which sold a durable razor at cost while selling disposable blades at a premium.



Relevance of Razor Blade Model Today

- Today Sony uses this pricing model and sell its playstation console at loss so that they can make recurring profits through CDs and playstation subscription.
- Amazon Kindle, being sold at almost zero profit, just so that Amazon can make billions out of its E-book sales.

Relevance of Razor Blade Model Today



Gillette SWOT Analysis

SWOT ANALYSIS OF *Gillette*



Gillette Revenue

Gillette REVENUE 2016 - 2022 *(in million U.S. dollars)*



THE BUSINESS
MODEL ANALYST

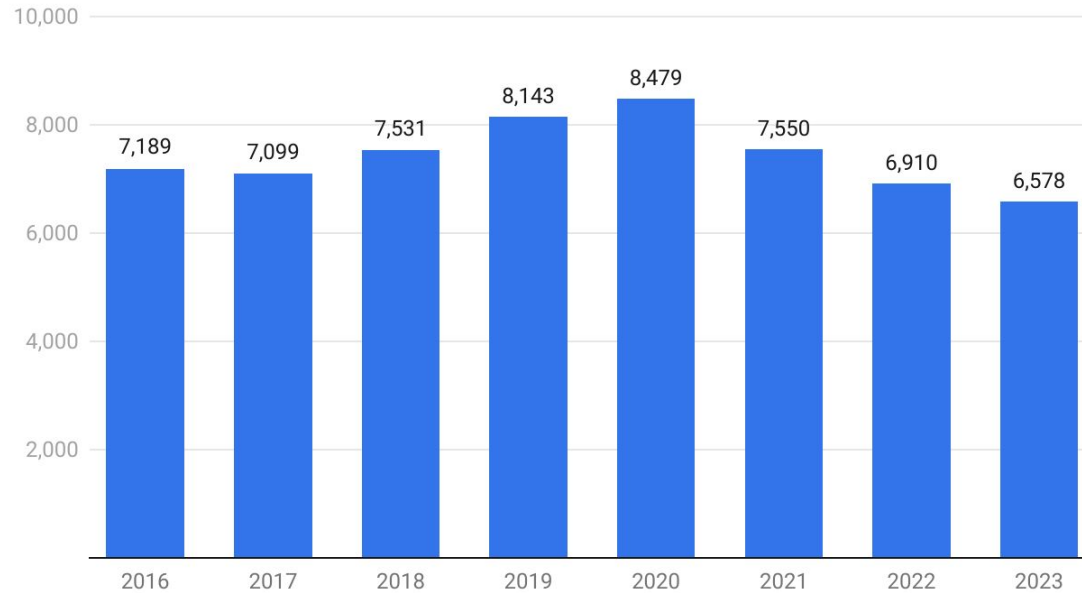
Source: Company Documents Submitted to SEC

businessmodelanalyst.com

Gillette Brand Value

Brand Value Of Gillette Worldwide From 2016 To 2023

(in million U.S. dollars)



Source: Coolest Gadgets

COOLEST-GADGETS

Business Lessons

- Getting your customers in your ecosystem will always give you an unfair advantage over your competition, massive customer retention.
- Find the points of maximum reluctance.
- Don't ever neglect disruption.
- Pricing is a double edged sword.