

SMU180

GILLETTE'S "SHAVE INDIA MOVEMENT": RAZOR SHARP AGAINST THE STUBBLE (B)

In India, nearly half a billion men still shave with a century-old technology—the double-edge razor—because there's no safe alternative they can afford. To add to the inevitable risk of nicks and cuts, many men shave sitting on the floor in low light, while balancing a mirror against a wall. It's an intense, tedious and time-consuming process.

- Gillette 2011 Annual Report

It was May 2010 and Sharat Verma was riding high on the success of the "Women Against Lazy Stubble" (W.A.L.S.) campaign, the latest iteration of Gillette India's "Shave India Movement". The campaign had further increased sales of the Mach3 by 500% in India and he was hoping to replicate that success with their new product, the Gillette Guard, set to launch five months later, in October.

While the Mach3 was targeted at consumers towards the top of India's income distribution, the Guard was designed for the masses at the *bottom-of-the-pyramid*, which represented over 70% of the country's population. It was a radically different shaving system from the hundred-year-old double edge razor technology that was still used by some 80% of India's men. Breaking into this consumer segment posed an ostensibly similar challenge to what Verma initially faced when marketing the Mach3 back in 2008. He explained,

For quite some time now we knew there was need to have a product that could help accelerate the conversion from double edge to our systems. This was a challenge since the product we wanted to convert people from was part of an engrained shaving habit and it was very low-cost... Going from a double edge to something like the Guard is a big habit change, especially for someone in rural India. People are really risk averse. They are not open to experimenting with new products because they have limited means. They don't want to waste any money.

Verma realized that it was important for Gillette to replicate the Mach3's recent success for the Guard. The new product was meant to make inroads into the urban-poor and rural markets, which were increasingly aware of the Mach3, but lacked the purchasing power to buy it. The Gillette Guard was therefore developed specifically for the safety and affordability needs of this segment of the Indian market.

Gillette had already made significant progress concerning the challenges posed by India's vast, complex channels and distribution system. Verma now had to tackle the challenge of convincing people to transition from the double edge to the Guard. He was hopeful his experiences with Gillette's "Shave India Movement" and the Mach3 would help. However, the segments served by the Mach3 and Guard were so different in terms of socio-economic status, living conditions, shopping patterns, and shaving habits that he was uncertain how lessons from the Movement could be applied to marketing the Guard. Verma knew one thing was certain:

This case was written by Professor Srinivas Reddy, Christopher Dula and Adina Wong at the Singapore Management University. The case was prepared solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

To win in India, we need to be able to win in all segments – double edge, disposable, entry-level and high-end systems.

The rural market for razors in India

We learned that [men in rural India] valued safety, ease of use and affordability above all else.
- P&G, Gillette Guard marketing material

As early as 2007, P&G dispatched a multifunctional team into India's rural areas to get a first-hand look at how men there lived... and shaved.¹ They learned that rural men shaved under very different conditions than their counterparts in developed markets. These men usually shaved while sitting on the floor, often in low-light conditions, with a cup of water and handheld mirror.² This, in conjunction with a cheap blade, easily led to nicks and cuts. For men using double edge blades this was a daily occurrence and most of them accepted it as part of the shaving ritual. These men were usually unaware of safer, more comfortable options – and if they did know of other options, such as the Mach3, they dismissed them as being too expensive.

Besides being uncomfortable, nicks and cuts increased the likelihood of infections. Since it was common in rural in India to be paid on a daily basis, it was especially important not to fall ill since it could drastically affect a family's livelihood. Intermittent access to water also meant that men did not shave everyday. They needed a blade that could easily shave longer hair and be used with a minimal amount of water.³ P&G saw an opportunity for Gillette to provide the segment with a safer more comfortable razor (refer to **Exhibit 1** for an example of a man shaving with a double edge blade).

The rural market for razors in India held huge potential for Gillette, as it comprised about 400 million men, and almost all of them used double edge blades.⁴ In 2010, the most popular double edge blade in India was the Super-Max brand, which cost at most US\$0.03 per blade. Given their price-sensitivity, bottom-of-the-pyramid consumers in India were less willing to buy a blade that was above this price-point. It was very difficult to convince consumers in the lower affluence layers to transition away from products that they habitually used in the day-to-day. These were sceptical and discerning consumers who would only transition if they clearly understood the value-proposition and believed it (refer to **Exhibit 2** for affluence layers in India).

The One-Rupee-Shave

*Gillette Guard is a breakthrough new shaving system designed to provide a safe, high-quality shave at an affordable price for more than one billion men in emerging markets who today shave with double edge razors. As the first Gillette product designed specifically for men in these markets, Gillette Guard is one of the most significant product launches in Gillette history.*⁵

¹ The Wall Street Journal. *Gillette's Latest Innovation in Razors: The 11-cent Blade*. 1 October 2010.

² P&G. Gillette Guard — Improving Life for Men Around the World 1 October 2010. Company website, retrieved from: <http://news.pg.com/blog/product-innovation/gillette-guard—improving-life-men-around-world>, accessed August 2013

³ Household and Personal Products Industry, “New Gillette Guard Razor Debuts in India,” 1 November 1, 2010.

⁴ “Gillette's Latest Innovation in Razors: The 11-cent Blade,” *The Wall Street Journal*, October 1, 2010.

⁵ P&G. *Gillette Guard Fact Sheet*, retrieved from: http://www.pg.com/en_US/downloads/innovation/factsheet_final_Gillette_Guard.pdf, accessed August 2013.

Price-based-costing

The Guard was developed based on the insights gathered by the P&G team on their numerous visits to rural India. It was the first product that the company had created entirely in developing markets, for developing markets.⁶ The company set out with the objective of creating a *one-rupee-shave* (roughly US\$0.02), an affordable price for the bottom-of-the-pyramid segment. From there, the Guard was designed as a safe and hygienic shaving system that could be manufactured cost effectively and sold at the targeted price.⁷ It was a simple design that only contained three parts – the blade, the blade housing and the support handle, all of which was manufactured entirely in India (refer to **Exhibit 3** for features on the Guard).⁸

The Guard's blade cartridge was good for five shaves with each replacement blade costing about US\$0.08 – a price equivalent to a sachet of shampoo or a small tube of toothpaste. The lower price would also encourage small shops, called *kiranas*, to carry this item in stock since it fit the budget of most customers (refer to **Exhibit 4** for an affordability analysis of consumer items in India)

Reaching the rural population

You need to rely on the wholesalers to get your product into the smaller outlets to adopt the system. So we had to engage in a lot planning, determining the optimal case count. Packaging had to be made so that it could easily and readily be removed from the carton and displayed in stores [usually kiranas]... We also had to consider the trade margin structure - we had to determine how we could ensure the profitability for the retailer per blade – especially since the adoption of the [Guard] razor system would be slow versus double edge. We next had to create awareness.

Gillette wanted to achieve a multiplier effect per dollar of marketing spend on the Guard. This multiplier effect would rely on word-of-mouth, so getting the rural consumer on a talking point would be important. Verma believed the large number of *kiranas* dispersed throughout India would play an important role. The small shops were the dominant retail outlet in rural areas and often played a large role in influencing purchasing decisions.

The Gillette Guard was about to enter the market as an affordable alternative to the double edge blade. It offered a clean-shaven look that promised a healthier more comfortable shave than double edge blades. With the value-proposition, price-point and distribution channels finalised, Verma needed to develop a brand activation strategy that would build awareness and drive segment response.

The details

Through a deep understanding of the rural segment, Gillette designed, developed, manufactured and priced the Gillette Guard at US\$0.33 per razor system and US\$0.08 per blade cartridge. Verma

⁶ P&G, "Gillette Guard — Improving Life for Men Around the World," 1 October 1, 2010, Company website, retrieved from: <http://news.pg.com/blog/product-innovation/gillette-guard—improving-life-men-around-world>, accessed August 7, 2013.

⁷ The price-based-costing was a term coined by the eminent academic, Professor Raj Srivastava and can be considered the route for a number of reverse innovations occurring in the emerging markets

⁸ Household and Personal Products Industry, "New Gillette Guard Razor Debuts in India", 1 November 1, 2010.

considered which touchpoints would best fit the Guard's marketing campaign in rural India. Success could even pave the way for additional Gillette products for the segment. The Guard would therefore serve as an entry-level product that could attract new customers and serve as a mechanism for some of those customers to eventually trade-up to higher margin products, like the Mach3, or purchase complementary products like shaving cream. It was believed this strategy would double Gillette India's sales revenue in three years.

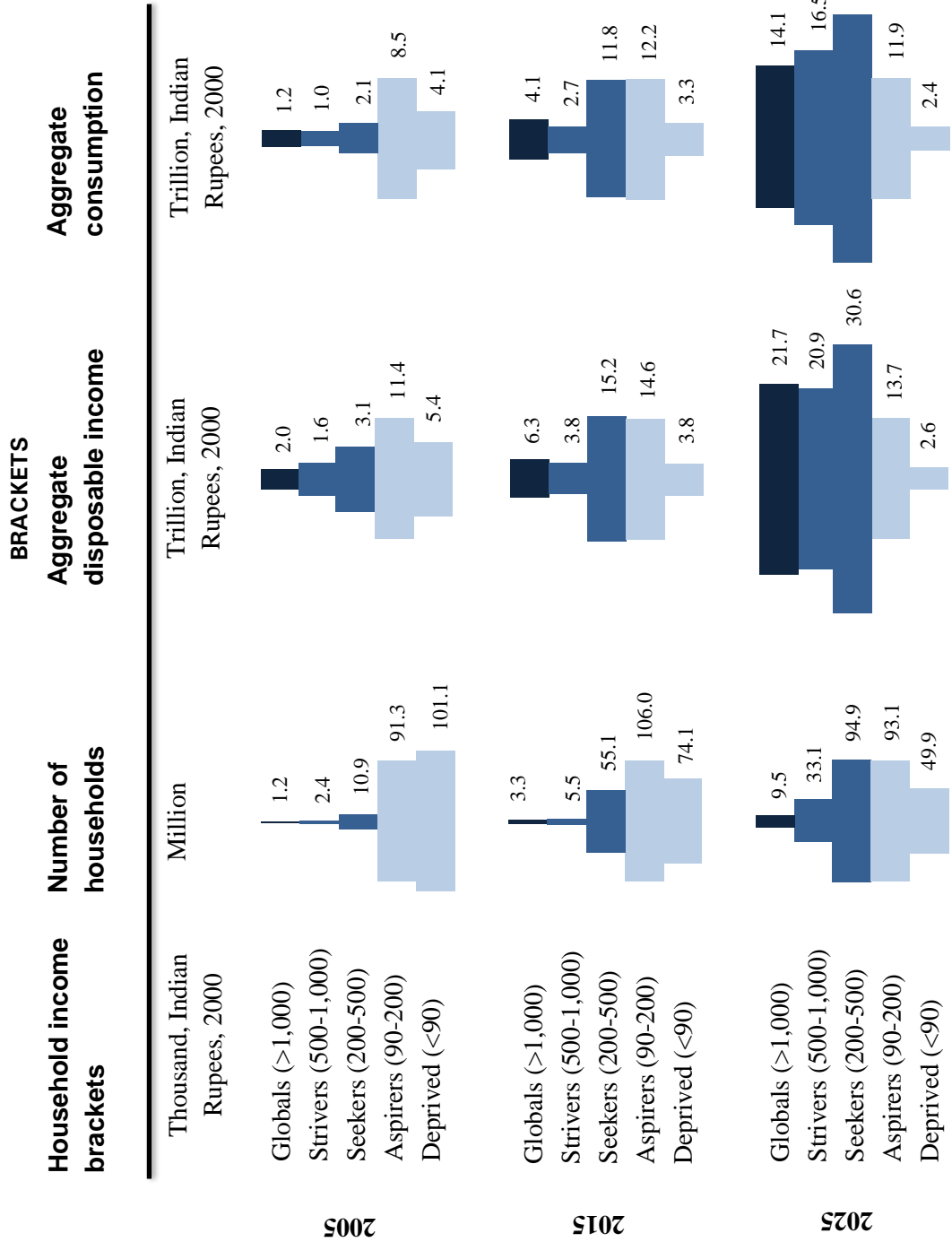
Still, pressing questions remained on Verma's mind. Would the rural Indian shaver embrace the Gillette Guard? With a tradition of using double edge blades for generations, could these men be convinced to switch? Would the affordability and safety arguments be sufficient to convince the rural shaver? The W.A.L.S. campaign worked well in marketing the Mach3. Could a similar campaign work for Guard? If not, what other creative ways could Verma use to influence the rural consumer?

EXHIBIT 1: A MAN SHAVING WITH A DOUBLE EDGE BLADE



Source: P&G, Gillette Guard marketing material

EXHIBIT 2: AFFLUENCE LAYERS IN INDIA BASED ON AGGREGATE CONSUMPTION AND DISPOSABLE INCOME BY HOUSEHOLD EARNINGS



Source: McKinsey & Company. *The 'Bird of Gold': The Rise of India's Consumer Market*. McKinsey Global Institute. May 2007.

EXHIBIT 3: FEATURES OF THE GILLETTE GUARD**Focus on Safety:**

- *Single-blade system lined with a safety comb designed to prevent nicks and cuts*
- *Flexible pivoting razor head helps better manoeuvre the curves of the face and neck and tackle the hair under the chin – difficult areas for double-edge razor users to shave safely*

- *Easy-to-manoeuvre handle with a lightweight, ribbed design offers excellent one-handed control to help prevent nicks and cuts*

Added Convenience:

- *Easy-rinse cartridges to prevent clogging*
- *Hang-hole at the end of the razor handle provides a convenient means of storage*
- *Easy-click docking makes it faster and easier to connect the blade to the razor versus the complexity of assembling a double edge razor*

Source: P&G, Gillette Guard marketing material

EXHIBIT 4: AFFORDABILITY ANALYSIS FOR CONSUMER ITEMS IN INDIA, 2009

Item	Price (US\$)	% of monthly personal disposable income
Soap, 100 g (supermarket)	0.35	0.49
Light bulbs, two, 60 watts (supermarket)	0.54	0.78
Electric toaster (supermarket)	24.62	35.27
Shampoo & conditioner in one, 400 ml	3.45	4.95
Lipstick, deluxe type (chain store)	9.87	14.14
Business suit, two piece, medium weight (chain store)	296	424.1
Dress, ready to wear, daytime (chain store)	49.35	70.68
Child's shoes, sportswear (chain store)	43.18	61.84
Compact disc album	11.1	15.9
Television, colour, 66 cm	826	1,184

Source: The Economist Intelligence Unit. *Industry Reports: Consumer Goods and Retail in India, May 2009.*