



SMU179

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

The situation was that Indian men were shaving just once a week. The perception was that the stubble looks cool and desirable to women! Just doing an ad was not the solution. The brand needed to ensure a nationwide public sentiment and response to change this situation.

- Pritha Mitra Dasgupta, journalist¹

It was April 2010 and Sharat Verma, the Brand Manager for Gillette India, was reviewing the latest report for the third year of the "Shave India Movement". The movement was a remarkable marketing campaign that boosted the company's Mach3 razor sales by 500%. It was a particularly impressive accomplishment given that the men's shaving category in India had been stubbornly unresponsive.

The movement began in 2008, prior to which, Verma had been concerned over Mach3's poor customer adoption rates in India. This was quite uncharacteristic in comparison to other markets, and all the more frustrating given the immense potential for growth that India represented. Nevertheless, sales languished for Gillette's flagship product, and many doubted if the company would ever grow their razor category beyond 20% market share.

The Mach3 had a reputation for quickly capturing market share in almost all geographies. Verma said,

Gillette had market leadership in almost all markets in the world except Japan. We had 70% or more market share in Australia, the US and Western Europe. That was unheard of in any other category.

In late 2007, Verma wondered what it would take for a significant impact to be made on the Indian market. Traditional marketing methods had so far yielded less than average results. Conversations with colleagues around the globe further confirmed his thoughts: Gillette India would have to develop innovative tactics to raise awareness and increase adoption. He recollected,

I had a great product that I wanted more people to experience. I wanted to make it more available and better known – and to give them a reason to buy it.

What emerged was the "Shave India Movement": a ground breaking viral campaign that went mainstream in 2009. It targeted upper-middle class urban men who had the discretionary spending necessary for using the relatively expensive Mach3 blade. By all accounts it was a great success, but even after the movement's third year, Verma knew that much more had to be done. He flipped

¹ Pritha Mitra Dasgupta, "Razor Sharp", The Financial Express, June 29, 2010, <http://www.financialexpress.com/news/razor-sharp/639541>, accessed April 2013.

This case was written by Professor Srinivas Reddy and Christopher Dula 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.

through the report. He would start by analysing the campaign, learn from it and apply those lessons to the next step... but what was that step, and how would it further grow Gillette's presence in India?

Procter & Gamble

Procter & Gamble (P&G) was founded in 1837 and was headquartered in Cincinnati, Ohio. In 2010, P&G was a publicly traded Fortune 500 company and was the largest global consumer-packaged-goods company operating in the world. P&G's mission was to provide branded products and services of superior quality and value that would improve the lives of the world's consumers now and for generations to come. The group's business was segmented into two key Global Business Units: Beauty and Grooming, and Household Care.

P&G's top 50 brands were amongst the world's best-known household names and accounted for 90% of P&G sales and more than 90% of its profits. Twenty-four of their top Leadership Brands generated more than US\$1 billion in annual sales. Four billion times a day, P&G brands touched the lives of people around the world. Consistently ranked as one of the world's top advertisers, the group invested over US\$8 billion in marketing and advertising in 2010. Some of P&G's largest and most trusted brands included Pampers, Tide, Ariel, Always, Pantene, Bounty, Pringles, Charmin, Downy, Iams, Crest and Olay.²

The Gillette brand

The Gillette Company was acquired in 2005 by P&G for US\$57 billion. The markets viewed the merger favourably as both companies shared a dedicated focus on product innovation and an ability to build strong brands. Following the merger, Gillette continued to be headquartered out of Boston, Massachusetts and employed 129,000 people worldwide working under the brand.³ The brand had a history of personal care and grooming products that spanned over a century, with a name that was synonymous with innovative products and quality. This was especially true of Gillette razors.

Gillette razor brand products, which consisted of male personal care products, male blades and razors like the Mach3, were housed within the Beauty and Grooming business unit at P&G. Grooming, which housed billion dollar brands like the Mach3, accounted for 13% of net earnings for the entire P&G group in 2010.⁴

Gillette's history

As the story goes, one summer morning in 1895, a travelling salesman by the name of King Gillette was practicing his daily grooming ritual. He became irritated when he found that the edge of his straight razor had become dull and unusable. He later claimed that this was the moment he had an inspirational vision of creating a new kind of razor. He imagined an inexpensive, double-edged blade that could be clamped over a handle and used until it was dull. It could then be discarded and replaced by a new disposable blade.

² P&G Corporate Newsroom, "About P&G," <http://news.pg.com/about>, accessed April 2013.

³ Procter & Gamble Company Annual Report, June 30, 2012, SEC Filing, Form 10-K, <http://www.sec.gov/Archives/edgar/data/80424/000008042412000063/fy2012financialstatementsf.htm>, accessed April 2013.

⁴ P&G, 2010 Annual Report, <http://www.pg.com/annualreport2010/index.shtml>, accessed April 2013.

Another safety razor, the Star, already existed on the market, however its blade needed sharpening following each use and eventually required professional honing. Gillette was determined to find a better, more profitable product with enhanced usability. He spent the next six years perfecting his idea and consulted numerous scientists and toolmakers. Most of them tried to discourage him by telling him that his product idea was impractical and impossible to produce. However, the 40-year old Gillette was a proven salesman, inventor and writer, and had a tenacious will to keep pursuing his vision.

In 1901, he partnered with William Nickerson, a Massachusetts Institute of Technology-educated machinist. Nickerson developed the production processes and Gillette formed the American Safety Razor Company after raising US\$5,000 to be used for manufacturing the razor. Production, advertising and sales of the razor began in 1903. In its first year, the company sold 51 razor sets and 168 blades. In 1904, Gillette received a patent on the safety razor and sales rose to 90,884 razors and 123,648 blades. By 1906, the company had paid its first cash dividend. In the years before World War I, Gillette steadily increased earnings through print advertisements, emphasizing that with his razor, men could shave themselves under any condition with fewer cuts or irritation.⁵ During World War I, millions of blades and razors were sent to American soldiers. To reach even more consumers, Gillette developed a lower priced razor and developed a razor designed for women. After the war, Gillette advertised to millions more with its Blue Blades Campaigns, sponsorship of the World Series, and the Gillette Cavalcade of Sports. By the 1950s, people were asking for a more comfortable close shave, and Gillette responded by creating more products. Verma acknowledged, "When it comes to marketing campaigns, well... Gillette pretty much wrote the book on it."

Research and innovation

Developing a razor was not a simple task and required years of dedicated research and development. New razor systems were typically launched at five-year intervals.⁶ Highly skilled engineers and product teams worked continuously on design, feature and material improvements - going through numerous iterations before a product was launched. By 2010, over US\$750 million on research and development was dedicated to producing the Gillette Mach3 razor alone.⁷ The complexity of the product was such that the amount of welding required by the Mach3 rivalled that of products from the automotive industry. Verma added,

We have fantastic technology. People think we just keep adding blades. In reality, we have a simple rule of thumb: if a product doesn't do much better than the previous one, we don't launch it. There is a lot of science behind it. For example, the reason for three blades was that instead of individual blades contacting the skin, it spreads the skin by becoming a surface that shaves; hence giving you more comfort. The Mach3 product had 30 plus patents. Imagine that in a small razor. I call it the best piece of technology you can have in your hand for under US\$10.

The Mach3 was considered a premium product. It combined Gillette's Three Blade Shaving Technology with anti-friction blades on a pivoting razor head that used a lubricating strip and 10 micro-fins that gently guided hair to the blade for a smooth shave. It was, as the company deemed,

⁵ Funding Universe, The Gillette Company History, downloaded from: <http://www.fundinguniverse.com/company-histories/The-Gillette-Company-Company-History.html>, accessed April 2013.

⁶ P&G, Gillette Newsroom, <http://news.gillette.com/about/timeline>, accessed Dec. 2012.

⁷ Naomi Aoki, "The War of the Razors: Gillette-Schick fight over patent shows the cutthroat world of consumer products," The Boston Globe, August 31, 2003, http://www.boston.com/business/globe/articles/2003/08/31/the_war_of_the_razors/, accessed April 2013.

a high performance, close, yet comfortable shave.

Gillette India Limited

Gillette India Limited, a subsidiary of P&G, was initially incorporated as Indian Shaving Products Limited in 1985. By 2008, Gillette India was maintaining a stagnant 32% market share in the men's grooming category, with only 20% in the razor sub-category. This was a pretty lacklustre state of affairs considering Gillette's past successes in other markets. Nonetheless, the company was focused on serving the emerging consumer market with historically innovative product offerings.

In 2010, Gillette India's revenue from grooming products rose to US\$132 million from US\$100 million in 2007. This was a significant increase in growth relative to the overall growth in India's shaving market - a change attributable to the company's ability to innovate and run an effective marketing campaign, which was the "Shave India Movement". However, these numbers were still small in respect to the entire size and potential of the India market (refer to **Exhibits 1, 2, 3, 4 & 5** for retail sales in India, company market and brand shares for the men's grooming category, and Gillette's razor sales in India).

India

In 1991, the Indian government added 846 million consumers to the global economy by opening its markets to the world.⁸ Since then, foreign businesses had long been enticed by the country's enormous market potential. However, most companies that entered India failed to break even. This illustrious list included: Coke, Kellogg's, Seagram, Reebok, Mercedes Benz, Booz Allen Hamilton, and many more from all sectors of industry.⁹ India, though, remained un-phased in spite of the rocky experiences of such suitor companies.

By 2006, India was the world's fourth largest economy (in terms of purchasing power parity) and continued to undergo impressive growth.¹⁰ Its population, already at over a billion, was also young; 40% were under the age of 21.¹¹ India was also poor – its per capita income ranked 166 out of the 193 countries recognized by the UN.¹² However, the country's development was promising and quite lucrative from a marketing perspective.

India's continued population growth was projected to increase at an annual rate of 1.6%, an amount equivalent to the size of Australia's population each year.¹³ Moreover, India was not as poor as it used to be, the population's conditions were improving steadily. A national survey found that from 1991 to 2004, the percentage of people below the poverty line decreased from 36% to 22%.¹⁴ Per capita income increased from US\$120 to US\$700 during that same time and there were no indications that this upward trajectory would abate.¹⁵ Projections up to 2015 put India at the same

⁸ Rama Bijapurkar, *We are like that only: understanding the logic of Consumer India* (India: Penguin Books, 2007), p. 16.

⁹ *Ibid.* P. 16

¹⁰ The World Bank, "Data – GDP per capita, PPP", downloaded from The World Bank website, <http://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD?page=1>, accessed April 2013.

¹¹ Government of India, Ministry of Home Affairs, 2011 Census of India: Age Structure and Marital Status, http://censusindia.gov.in/Census_And_You/age_structure_and_marital_status.aspx, accessed April 2013.

¹² Central Intelligence Agency, *The World Factbook: India*, downloaded from <https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>, accessed April 2013.

¹³ Rama Bijapurkar, *We are like that only: understanding the logic of Consumer India* (India: Penguin Books, 2007), p. 16.

¹⁴ *Ibid.* P. 34

¹⁵ *Ibid.* P. 34

per capita income level that China had in 2005.¹⁶

Market complexities

Gillette had fared better than most other global companies that entered India, but was by no means an exemplar when compared to its own standards in other markets. There was a common thread running through the strategic difficulties that just about all foreign companies discovered when they entered India: complexity.

India was not a single market, but rather a patchwork of many markets consisting of a plethora of affluence levels, geographies, and identities all subtly connected yet separated through numerous languages, cultures and traditions that spanned centuries. The consumption ideologies were a sophisticated blend of these factors. This presented itself as a confusing mix of contradictions that made it extremely difficult for global companies to plan a coherent strategy. Only one thing was certain - the growing aspirations of the Indian consumer.

Most Indians were constrained by tight, limited budgets but simultaneously empowered by greater consumer confidence. In the decade leading up to 2008, consumers benefitted from spectacular economic growth, access to cheap credit and the availability of more and more affordable products, all of which outpaced growth in their income.¹⁷ Consumers were eager to spend, but were extremely discerning on what they would spend their money on.¹⁸

It became common practice for a person to purchase a consumer durable on debt, and then pay off that debt over time by the savings gained from switching to a lower end fast-moving-consumer-good from what they normally used.¹⁹ The choice essentially became, 'should I buy a washing machine and downgrade to cheaper shampoo, or use an expensive shampoo and forgo the washing machine'. This increased comfort for borrowing was fuelled by a feeling that tomorrow would be better than today.

According to Rama Bijapurkar, an expert on market strategy and consumer behaviour in India, the principal reason why most global companies failed to penetrate the Indian market was because they did not understand the market. These companies often held on to an axiom that their best practices and strategies that worked elsewhere, even in other developing markets, would also apply to India. This was not the case. Success, she argued, would require an innovative strategy tailored for the Indian market... or rather... markets (refer to **Exhibits 6, 7 & 8** for India's income demographics, GDP distribution and affluence layers).

The Indian shaving market

Gillette saw extraordinary opportunity for growth. Most Indian men had an abundant, full set of facial hair that needed to be shaved daily to keep it clear of stubble. There were also a lot of them - 400 million men of shaving age. What excited and frustrated the company even more was that most of these men were still using double edge blades. Verma exclaimed,

¹⁶ Ibid. P. 39

¹⁷ Rama Bijapurkar, We are like that only: understanding the logic of Consumer India, (India: Penguin Books, 2007), p. 47.

¹⁸ Ibid. P.47

¹⁹ Ibid. P.47

In India, if you take out the men in the population who are too old or too young to shave you still have a consumer group of 400 million. 80% of them are using this double edge blade. This is what King Gillette invented a hundred years ago!

Using antiquated double edge blade technology routinely caused cuts, nicks and rashes too. The Mach3 should not have had any difficulty competing against such epidermal abuse. As it turned out that, this was not the case.

In 2008, nearly ten years after Gillette sold its first Mach3, nearly half of all shaving men regularly visited a barber, and half of those men exclusively visited a barber for all their shaving needs. Barbers were also affordable, costing just US\$0.15 to US\$0.30 for a shave. The rest of the male shaving-population, roughly 300 million men, practiced self-shaving. 80% of these men used double edge blades.

Double edge blades were the accepted norm as they were readily available and cheap, costing only US\$0.05 per blade. They had been in use for generations, which brought up an important point. India existed in multiple centuries at once through a compromise, or perhaps, a synthesis of the traditional and the contemporary.²⁰ On average, consumers in India were risk averse and did not make purchasing decisions lightly.²¹ New ways and new things were not adopted wholesale.²²

However, upper-middle class urban males, the target segment, were not nearly as sensitive to the premium priced Mach3 when compared to the low-earning masses. For them, how they chose to shave was much more a matter of entrenched behaviour. Shaving was a simple, routine habit that could even be considered traditional. Verma said,

It's a habit. The Indian consumer has been doing it for so long. He's seen his father, his grandfather, his great grandfather do it.

Cuts, nicks and rashes were just seen as an inevitable part of shaving. Consumers did not perceive a need to try anything new or different, and adoption rates into other shaving systems were historically low. Other systems, like disposable razors were used by a minority of the male-shaving population and cost about US\$0.20 on average. The Mach3, which cost US\$7.00 for the razor and US\$2.00 for the blade, was used by only a small fraction of India's male shaving population. Verma explained the predicament of the Mach3,

It's a very interesting situation we're in. The awareness of what we're offering is low, and the high quality of our product costs us much more to produce than our competitor's cheaper products. Add to that, the fact that our product has a very low involvement category.

Gillette's offerings in India

Adoption of razors typically followed a rungs-on-a-ladder pattern in Western countries. Male consumers started shaving with a simple model and progressed along a ladder towards increasingly sophisticated models. In the US, Gillette observed that each move up a rung in the shaver-ladder represented a 20% increase in price, and consumers moved rapidly towards the top of the market. For example, consumers would first adopt the Mach3 before moving up to the top-of-the-line 5-

²⁰ Rama Bijapurkar, We are like that only: understanding the logic of Consumer India, (India: Penguin Books, 2007).

²¹ Ibid.

²² Ibid.

blade Gillette Fusion. It was assumed that consumers wanted the best shave they could get.

The original assumption at Gillette was that the Indian market would follow this Western pattern: consumers would start at the lower end of the market with double edge blades, and progress to Mach3. But the Indian market was proving the model wrong. When most men shaved, they used a technology that was originally designed in 1895 - the double edge blade. And they never went beyond; the segment was unresponsive.

The question was then, why did Indian men not move up the ladder? A partial reason was that they associated nicks and cuts as an inevitable aspect of shaving. They believed it was more a matter of skill rather than a property of the blade; it was a habitual way of thinking about shaving (refer to **Exhibit 9** for a diagram of shaving methods used by Indian males).

Habit was not the only adoption barrier for the middle-class urban male. The segment did not appreciate the value that the Mach3 had. Verma noted,

Then there is the fact that the Mach3 is considered to be a premium product for the Indian consumer. Think of something that you buy or use everyday – if there was a product that costs ten times of what you usually buy that also had the same function, would you even think of buying it? Would you even look at it in the same category? After you look at the price, would you even want to know more about it? And yet this is the product that I want to sell.

The consumer did not believe a different blade would make a difference in their shaving experience. In addition, the jump in price between this 100-year-old technology and the next technology was too big. If the price difference was only 20% or so – as it was in the US – then some men might be tempted to try the Mach3. In India, however, the jump to a Mach3 blade was 40-50 times the price of a double edge blade.

Gillette eventually came to realize that the ladder model was not working for the Indian consumer. The gap between one category and the next was simply too wide. India required its own product and marketing strategy.

Price point alignment

Gillette India's research had shown that three main drivers influenced a consumer's buying decision for a Mach3: price, availability and perception. The Mach3, it was decided, would have to be modified in order to bring down its production costs so that the price point could be properly aligned.

Verma remembered wrestling with the price point issue back in the early days before the "Shave India Movement". He had contacted Harish Narayanan, the Assistant Brand Manager at the Singapore Regional Business Unit. He was responsible for working on more upstream projects and was Verma's connection to the global team based in Boston. Verma said to Narayanan,

These modifications need to preserve our brand's promise of great performance, along with great value. And we need to create consumer excitement to drive adoption. Let's see what tools and ideas we can create to make this happen.

Immediately Narayanan understood what needed to be done. He said,

Let us work with the Global and Engineering teams about stripping out everything non-essential to the consumer experience from Mach3, while still providing a superior shave.

The result was a downward innovation that pared down almost every feature except for the blades - the most important component for a good shave. The following deconstructions were therefore made:

- 1) The razor was made lighter and less expensive by introducing plastic in the metal handle.
- 2) The plastic storage tray was discarded, since it was not important to the consumer for his shaving experience.
- 3) The packaging was streamlined down to the bare minimum, while still retaining and improving its presence on shelf.

Other changes to production were also made and assembly was brought to India to further ease costs. This in itself was an innovation, enabled by bold decisions in the Product Supply team - a first for a company that had always produced its razors outside of India.

The team had succeeded in realigning the price point dilemma. They were able to reduce the razor's retail price from US\$7.00 to US\$2.30, while maintaining a fixed US\$2.00 price for the blades. Only two challenges remained: distribution and perception.

Project Hercules

Verma and his fellow colleagues knew that getting the Mach3 accepted by male consumers would require a focused initiative. Project Hercules was thus conceived as a means to drive this effort. Scheduled to run for one year, the mission of the project sought to educate and change the mindset of Indian men: to convince them to at least try the Mach3.

Distribution

There were serious distribution challenges that needed to be addressed as well. Thankfully the Mach3's new lower price helped attract more retailers interested in carrying the product. Still, without further improved distribution the product would remain unavailable to many consumers - even if they wanted it and could afford it.

India's retail sector was massive. In 2010 the market was valued at an estimated US\$450 billion and expected to grow to US\$900 billion by 2015.²³ Small independent retailers, called *kiranas*, dominated the market. There were approximately 12 million of them, accounting for 95.5% of retail enterprises. The remaining 4.5% of stores, classified as *organized retailers*, were larger stores like supermarkets, hypermarkets, and convenience stores (refer to **Exhibit 10** for a picture of a typical *Kirana* stall).

The Mach3 was already carried at most organised retailers. The issue was getting into the smaller *kiranas*. Their small size, extremely widespread distribution and unregistered status made it

²³ Taylor Salisbury, "The Future on Sale: The Indian Retail Market," Center for Strategic & International Studies, South Asia Monitor, Number 137, January 06, 2010, http://csis.org/files/publication/sam_137.pdf, accessed April 2013.

impractical for Gillette to move the product into these stores. In response to this challenge, Verma said,

We worked with wholesalers to get our product into the smaller outlets. We engaged in a lot of logistical planning, how to move it, how to package it and determined the optimal SKU count and so forth. We also had to rapidly distribute this and make the product stand out. We needed to be accessible and there were over 1.5 million – 2 million stores we wanted to be in. So we went through multiple rounds of testing to see what worked best to make the product stand out. Eventually we got there.

Making the product available to more retailers was only part of the challenge. The other side of it was making it both feasible and attractive for the retailers to carry. This was an important consideration since *kirana* stores were very small and had limited inventory space, this characteristic put significant pressure on shop owners to have a fast turnover. Verma explained,

Packaging had to be made so that it could easily and readily be displayed in stores. It had to work for the retailer. We determined how we could ensure the profitability for the retailer – especially since the adoption was slow. So we really needed to create awareness too.

Perception

In terms of perception, there were two main impediments to adoption. The first was the value proposition. Realigning price point helped, but consumers still needed to be made aware of the product's benefits. Verma explained,

The question was one of value. You have to understand that the cost of the razor is not just the value part. First, if you buy a double edge blade, it will last just one shave - maybe two shaves. Whereas this new product could give you 20 shaves, depending on the kind of hair you have. It's also more hygienic, you don't cut yourself. The value that the consumer perceives is much better when you use a Mach3. So once you make that initial investment you'll learn that it's not 40 times, but maybe two or three times the cost, because the value that you get out of it is actually much more. The benefit is better.

The fact was, most Indian men still believed that Mach3 would still cut his skin in the same way that cheap blades did.

The second, and more difficult, impediment to overcome was one of taste. In India, facial hair was traditionally seen as a sign of virility. It was even a job requirement for some professions. Throughout the 2000s, the two-day stubble look, sported by popular Bollywood actors, was thought to be hip and attractive. Facial hair was in fashion.

A Marketing Campaign to Talk About

Gillette needed to educate consumers and convince them to use Mach3 blades. However, the segment proved unresponsive to traditional mass marketing campaigns. Narayanan discussed the matter with Verma,

We have tried all sorts of ads around all sorts of features: Smooth shave, fast shave, comfort, no cuts, long-lasting blades, etc. etc. etc. We sold it all. Sold it for a hundred years. We were the first ones to do sports marketing. When it comes to brand building, we've done it all. What more

can we do? What is the next innovation that is relevant to the India consumer, and at the same time builds on the fantastic characteristics that this brand has?

Gillette India returned to its founder's roots and launched a door-to-door educational campaign. The company's marketing and sales people were sent out to individual homes and demonstrated the product. The team found that consumers were eager to adopt the Mach3 after trying the blade. These hands on tactics were quite successful, but clearly unsustainable and insufficient given India's size. Narayanan pondered at the scope of this task...

And then comes this whole, mammoth, confusing, chaotic, but fantastic place that is India. It's mind-boggling to try and understand. The way I explain India to my friends who have moved to Singapore or moved to India for the first time, is to think of India as a continent. Think of it as Europe. Don't think of it as a country. If you go to India and ask them if they speak Indian they laugh at you, because it's like Europe. It's like a continent, it has so many different cultures, so many different languages and so many different types of facial hairs; you name it. It's so different, and it's so difficult to talk one language with them.

The team also knew that reaching their target customer would require something different from previous and traditional P&G/Gillette advertising campaigns - culturally, Indian men did not talk about their grooming habits. Conversations like, "Wow! You look like you got a really close shave. What kind of razor do you use?" were not happening. Verma lamented,

We have to get the costs down on every element, including marketing spend. And word of mouth is really powerful - it creates a multiplier effect.

Gillette needed to create a buzz and put the clean shave back in fashion – people had to start talking about shaving.

The Shave India Movement

In late 2008, Gillette commissioned an AC Nielson study on shaving that targeted 18-25 year olds across India's eight largest metropolitan areas (refer to **Exhibit 11** for India's top metropolitan areas by population). The findings were striking and contrary to current facial hair fashion: 77% of women preferred a clean-shaven man with 72% agreeing that the act of shaving was sexy. It was just the opportunity needed to get India talking about shaving. Narayanan agreed with Verma,

At P&G we talk about moments of truth. When you interact with a consumer you have certain moments of truth - the test of your product. The first moment of truth is when the consumer enters the store. He hasn't seen your product, or he is just seeing it for the first time. You want him to pick it up and look at the packaging. The second moment of truth is when he uses it. You have to bear in mind both moments of truth. There is also a zero moment of truth, which is communication – he has not even seen your product but he has a perception of it. So, in India we win in pretty much all moments of truth. The product is fantastic, but the category is non-responsive! That was our biggest challenge.

How do you motivate men to talk about a category like shaving? Get women involved.

India Votes: To shave or not, 2009

The Shave India Movement began just as Gillette announced the results of the survey and the launch of the newly modified Mach3 in 2009. The results created a sensation by pitting what the

women found attractive against what men found *cool*. This kind of contradiction was exactly what Gillette India needed.

India was a country that loved to debate. Amartya Sen's seminal book, *The Argumentative Indian*, highlighted the importance that public discourse and intellectual pluralism were to the national identity. The strategic relevance of this characteristic cannot be understated. The media quickly latched on to the survey results and a national debate about shaving ensued.

Gillette further stoked the debate through their campaign, 'India Votes: To shave or not', in which they invited everyone to vote in an online live polling. In all, 12.2 million Indians voted for a clean shave, where it was found that 83% of women polled felt that a clean-shaven man was more attractive. This was accompanied by a highly covered PR event in which Gillette sponsored Bollywood stars to shave on live television. Media across the country picked it up and created a huge buzz in the urban markets. In eight weeks the campaign doubled awareness of the Mach3, product trials increased four times, sales went up by 35% and market share increased by 25% (refer to **Exhibit 12** for a link to an online video about the "Shave India Movement").

Women Against Lazy Stubble, 2010

The next phase of the Shave India Movement took place in early 2010. Women Against Lazy Stubble, or W.A.L.S., called on women to protest against the stubble look. The debate was reignited. For two months television stations, radio and newspapers held interviews in which popular actresses spoke out on the stubble. The media also carried opinion polls and covered stories on W.A.L.S.

In Mumbai 2,000 men shaved off their stubble in front of crowds of cheering women, in what was deemed, the world's largest Shave-a-thon.

The Shave India Movement Facebook page became a forum for mass debate and discussion – it seemed everyone had something to say on the matter. The effect was huge: Mach3 sales increased by 500% and market share increased by 400%. Gillette's value share crossed 40% and their volume share hit 58.1%, the highest ever for Gillette India. All of which occurred, again, in eight weeks.

Breaking internal records

The Shave India Movement was a resounding success. Mach3 awareness and usage had increased, mostly among urban males. But Verma believed more was possible; could this Movement be used to drive even more sales? And if so, how? They also understood that other segments were still untouched by Gillette's razors. Many men continued to exclusively visit barbers and many millions more used double edge blades. They needed to address the needs of these segments and craft a strategy appropriate for reaching them. What lessons could they use from the successes of the "Shave India Movement" and could those lessons be applied elsewhere?

EXHIBIT 1: RETAIL SALES IN INDIA, 2004-2011E

	2004	2005	2006	2007	2008e	2009e	2010e	2011e
Retail sales (US\$ bn)	293	332.4	360.6	438.5	454.5	422.5	468.6	529.3
Retail sales, volume growth (%)	3.9	5.9	5	4.3	0.7	2.9	4.3	4.5
Retail sales, US\$ value growth (%)	10.8	13.5	8.5	21.6	3.7	-7	10.9	13
Non-food retail sales (US\$ bn)	90.3	104.7	116.1	144.1	145.4	132.4	145.9	162.7

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

EXHIBIT 2: MARKET SHARES BY PERCENT RETAIL VALUE FOR MEN'S GROOMING IN INDIA, 2007-2010

	2007	2008	2009	2010
Gillette India Ltd	33.2	31.7	30.9	31.5
Hindustan Unilever Ltd	5.4	7.0	8.3	9.5
Reckitt Benckiser (India) Ltd	1.4	2.7	4.7	6.2
Vidyut Metallics Ltd	10.0	9.4	8.5	7.5
Malhotra Shaving Products Ltd	10.8	10.0	8.8	7.3
All Other	39.2	39.2	38.8	38

Source: Men's Grooming in India, Passport, Euromonitor International, September 2012.

EXHIBIT 3: RAZORS AND BLADES BRAND SHARES IN INDIA IN TERMS OF PERCENT RETAIL VALUE, 2008-2010

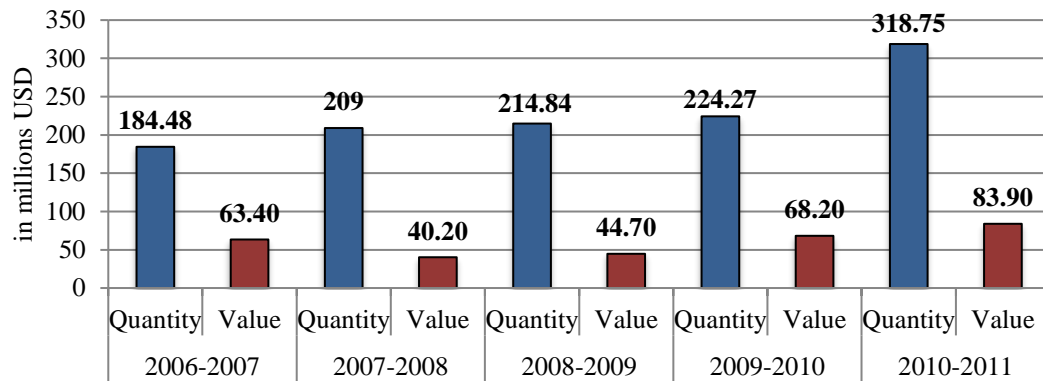
Brand	Company	2008	2009	2010
Super-Max	Vidyut Metallics Ltd	15.2	15.0	14.5
Gillette Mach3	Gillette India Ltd	7.5	9.5	12.5
Gillette Vector Plus	Gillette India Ltd	12.8	13.0	12.7
Topaz	Malhotra Shaving Products Ltd	10.0	9.5	8.2
Wilkinson Sword	Gillette India Ltd	7.8	7.8	7.0
Laser	Malhotra Shaving Products Ltd	6.2	6.0	5.8
Others		40.7	39.2	39.3

Source: Men's Grooming in India, Passport, Euromonitor International, September 2012.

EXHIBIT 4: GILLETTE INDIA'S SALES IN RAZOR SYSTEMS AND BLADE CARTRIDGES BY VALUE AND QUANTITY, 2006-2011

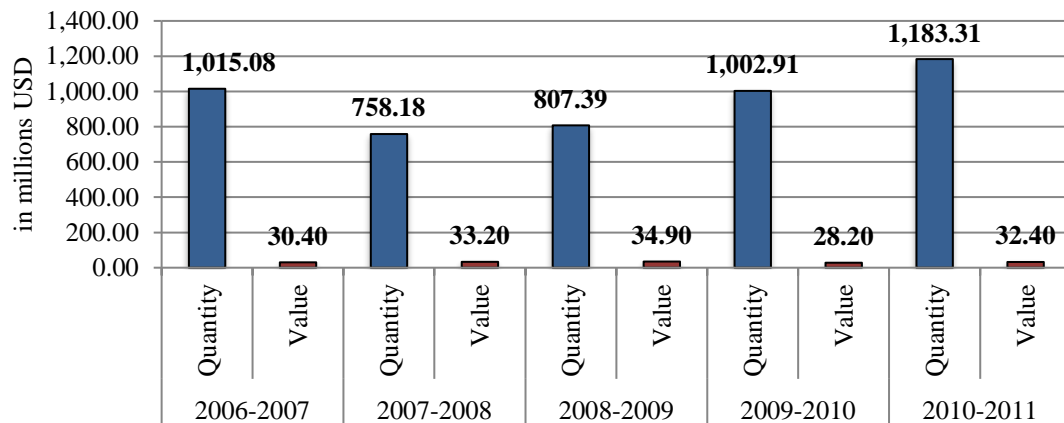
SMU-13-0017A

Gillette's "Shave India Movement": Razor Sharp Against the Stubble (A)



Source: Proctor & Gamble Annual Reports: Gillette India Limited, 2007-2011

EXHIBIT 5: GILLETTE INDIA'S SALES IN SAFETY RAZOR BLADES (DOUBLE EDGE) BY VALUE AND QUANTITY, 2006-2011



Source: Proctor & Gamble Annual Reports: Gillette India Limited, 2007-2011

EXHIBIT 6: ESTIMATES ON INCOME DEMOGRAPHICS OF INDIA, 2004-2010

	2004	2005	2006	2007	2008	2009	2010
Nominal GDP (US\$ bn)	697.8	810	923.5	1,133.50	1,164.10	1,121.40	1,264.80
Total number of households (m)	202.6	206.3	209.9	213.4	216.8	220	223.3
Households with annual earnings above US\$5,000 ('000)	16,594	21,890	26,895	37,040	39,522	34,625	40,939
Households with annual earnings above US\$10,000 ('000)	3,538	4,824	6,070	8,722	9,379	8,036	9,723

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

The middle class in India, defined as households with annual incomes of approximately US\$4,500 to US\$23,000, consisted of 5% of the total population, or 50 million people in 2005.²⁴ Median age for men equals 25.9 years and per capita GDP equals approximately US\$3,700 (2011).²⁵

EXHIBIT 7: GDP DISTRIBUTION BY INCOME PERCENTILES IN INDIA, 2004

Percentile of Income	Population (millions)	% of income	GDP per capita (US\$)	Total GDP (US\$ billion)
Top 10%	109	34.1	1,878	204.6
The next 30%	326	36.1	662	216.6
The Bottom-of-the-Pyramid, last 60%	653	29.7	265	178.2

Source: Rama Bijapurkar, *We are like that only: Understanding the logic of Consumer India* (India: Penguin Books, 2007), p.102

²⁴ KS Oils, *The Indian Consumer Market: a change from pyramid to sparkling diamond*, KS Oils Limited, 2008.

²⁵ Index Mundi, Median Age of Indian Men, http://www.indexmundi.com/india/median_age.html, accessed April 2013

EXHIBIT 8: AFFLUENCE LAYERS IN INDIA BASED ON CONSUMPTION INTENSITY, 2006

Affluence layer	% of population	% of households in each layer consuming/ having					
		TVs	Cars	AC	Washing machine	2-wheel vehicle	Shampoo
Prosperous I	0.5	100	71	48	81	65	93
Prosperous II	0.5	100	44	26	76	72	91
Well off	2	98	24	5	53	69	89
Entering upper class	3	94	10	-	30	62	85
Aspiring	9	92	2	-	8	50	79
Average	10	79	-	-	-	30	70
Strivers	35	51	-	-	-	6	69
The poor	40	6	-	-	-	-	38

Source: Rama Bijapurkar, *We are like that only: Understanding the logic of Consumer India* (India: Penguin Books, 2007), p. 96-97

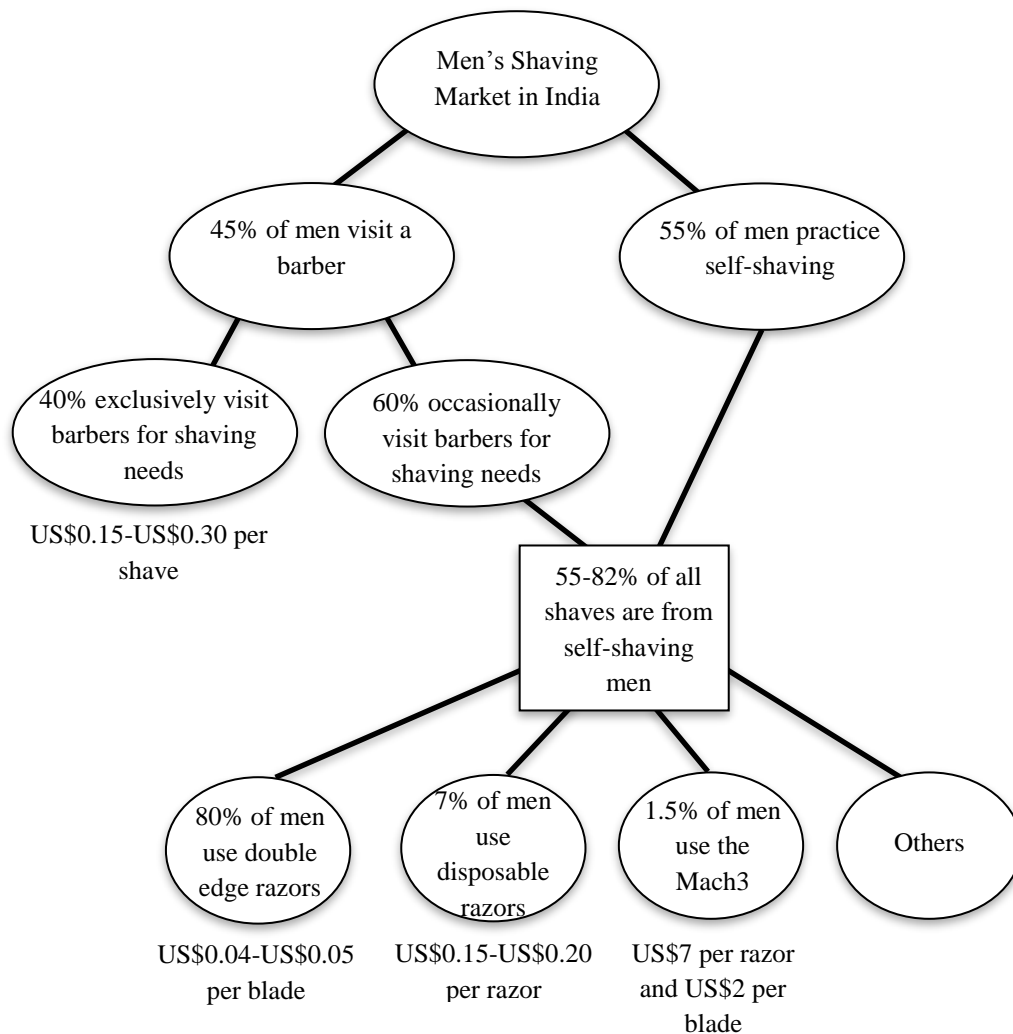
EXHIBIT 9: SHAVING METHODS USED BY INDIAN MALES

EXHIBIT 10: PHOTOGRAPH OF A KIRANA STORE

Note: The *kirana* store is a small independent retail store that is common throughout India. The shopkeeper is usually the only person inside the store since space is extremely limited.

Source: Nita Jatar Kulkarni, photographer and blogger. Stock Pictures – Free Photographs: Small retailers in India. 28 Nov. 2011. Photo retrieved from: <http://www.stockpicturesforeveryone.com/2011/11/small-retailers-in-india.html>, accessed April 2013.

EXHIBIT 11: INDIA'S 10 LARGEST CITIES BY POPULATION (EXTENDED URBAN AREA), 2011

Rank	City	Population
1	Delhi	21,753,486
2	Mumbai	21,753,486
3	Kolkata	14,617,882
4	Chennai	8,917,749
5	Bangalore	8,728,906
6	Hyderabad	7,749,334
7	Ahmedabad	6,352,254
8	Pune	5,049,968
9	Surat	4,585,367
10	Jaipur	3,073,350

Source: Press Information Bureau, Government of India, *India Stats: Million plus cities in India as per Census 2011*. Retrieved from: <http://pibmumbai.gov.in/scripts/detail.asp?releaseId=E2011IS3>, accessed April 2011.

EXHIBIT 12: VIDEO ON THE "SHAVE INDIA MOVEMENT": INDIA VOTES TO SHAVE OR NOT

For video on YouTube about The Shave India Movement: India Votes to Shave or Not and Women Against Lazy Stubble, go to: <http://www.youtube.com/watch?v=JNqdTmkTBOQ>