

THE UNIVERSITY OF TEXAS AT DALLAS

MAKE BLADES SHARP AGAIN

sharp insights for BIC

RAND**M**



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**EFFECTS OF ADVERTISING
ON UNIT SALES**

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**EFFECTS OF ADVERTISING
ON SWITCHING**

.....
**EFFECTS OF DEMOGRAPHICS
ON LOYALTY**

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.....
**EFFECTS OF PRODUCT
CHARACTERISTIC ON LOYALTY**



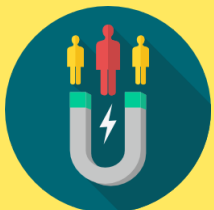
BIC BUSINESS RECOMMENDATIONS



Gillette is the market leader in blades. To adopt a conservative approach, we will **focus on targeting Schick's market shares** instead.

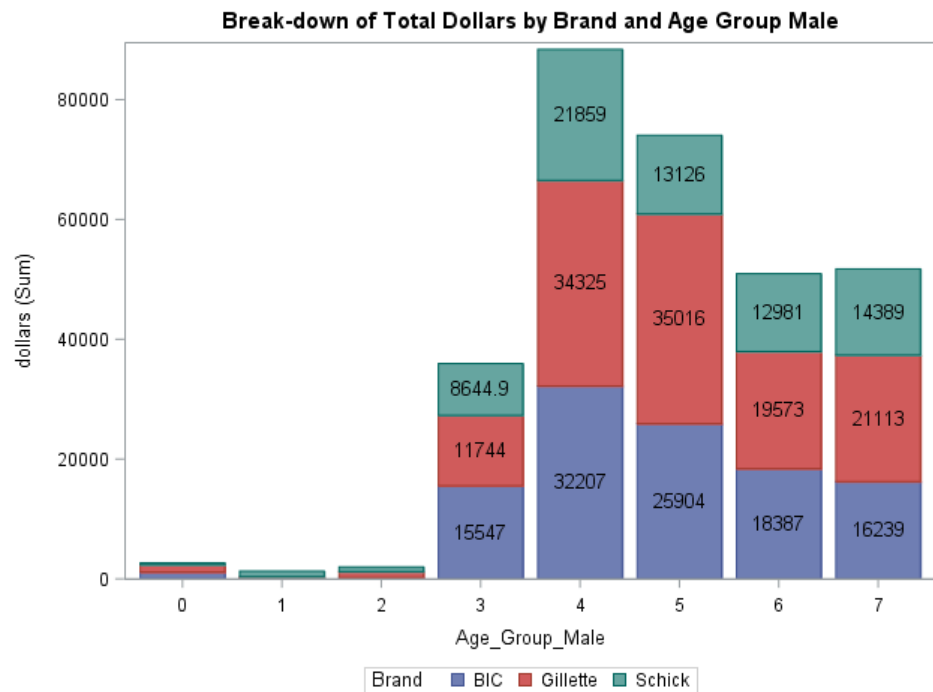


Major displays and **features with coupons** should be used in a dual approach to retain and attract new consumers. The cost of advertising **should not exceed \$1 per individual**. These advertisements should be for **multi-blades, cartridge replaceable and unisex shavers**.



The target audience should be at **households with income below \$12,000**.

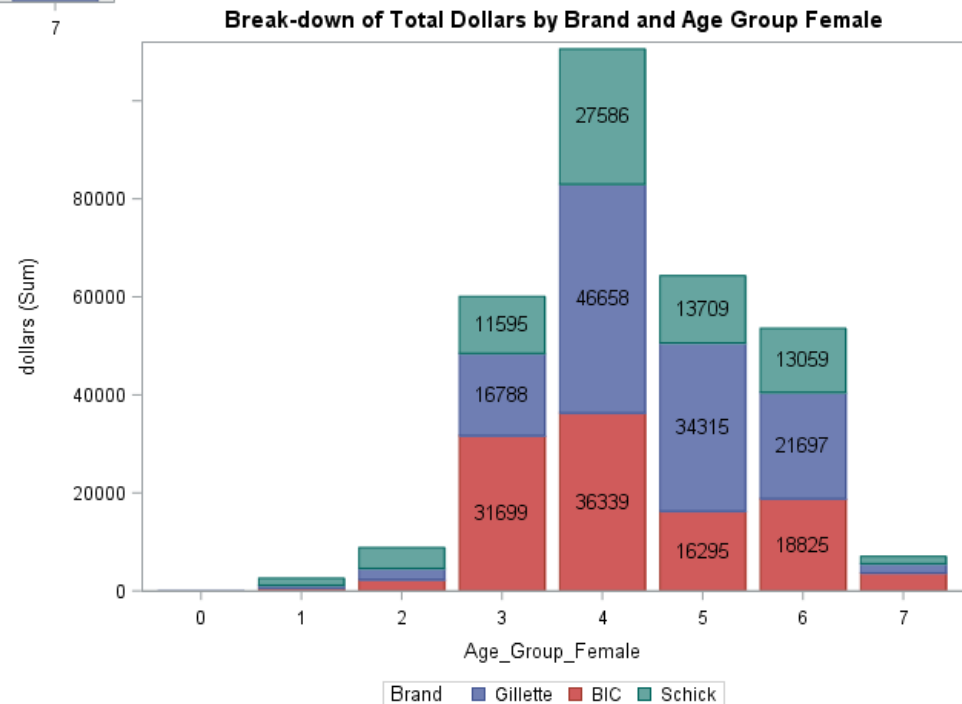
03 IDENTIFYING MARKET LEADER



GILLETTE HAS BEEN SUCCESSFULLY ENGAGING BOTH MALE AND FEMALE CONSUMERS.



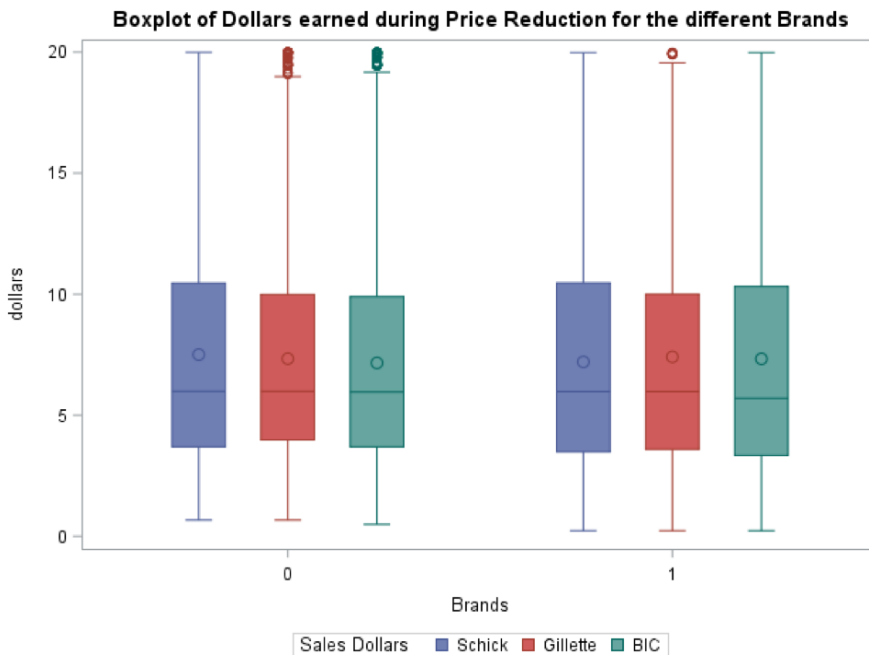
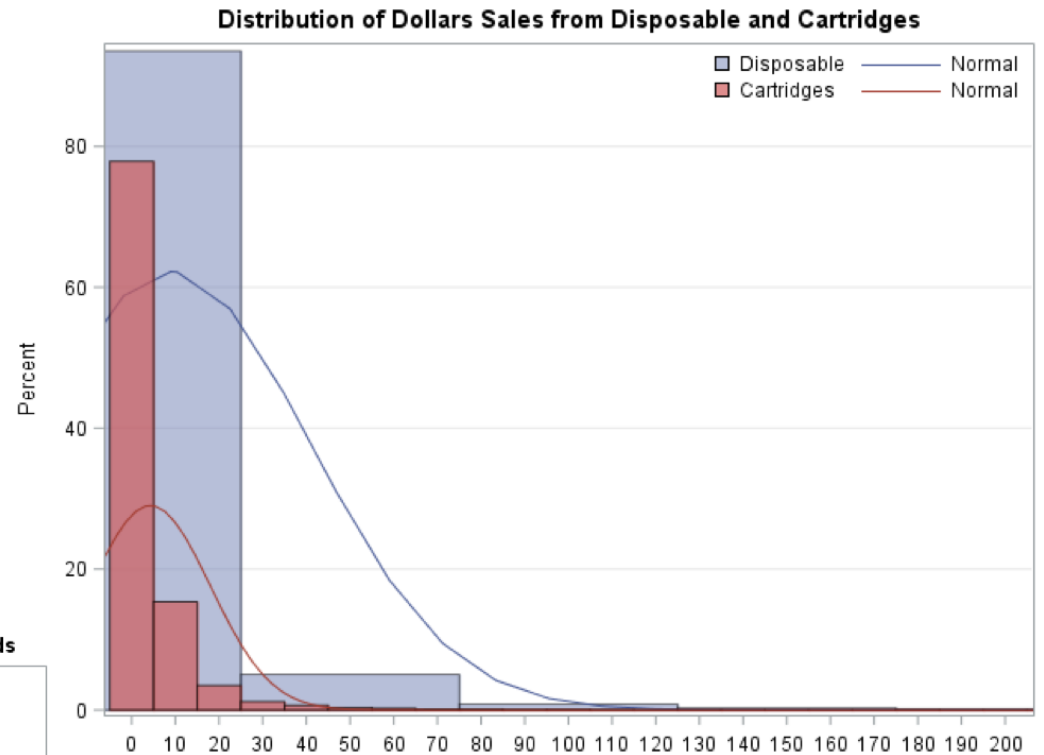
GILLETTE HAS A STRONG BRAND PRESENCE AMONG HEAD OF HOUSEHOLDS ABOVE 45 YEARS OF AGE.



04 STUDYING THE CHANGE IN SALES



**STIFF COMPETITION IN THE
BLADE SEGMENT AS
MAJORITY ARE PRICED
WITHIN \$1-20 RANGE.**



**DOES PRICE REDUCTION
REALLY HELP BOOST SALES?**

5% OFF \$2!





EFFECTS OF ADVERTISING ON UNIT SALES

$\log(\text{weighted price}) = \text{type} + \text{brand} + \text{price reduction} + \text{displays} +$
 $\text{features} + \text{product form} + \text{brand} * \text{feature} + \text{brand} * \text{display}$





DISPLAYS

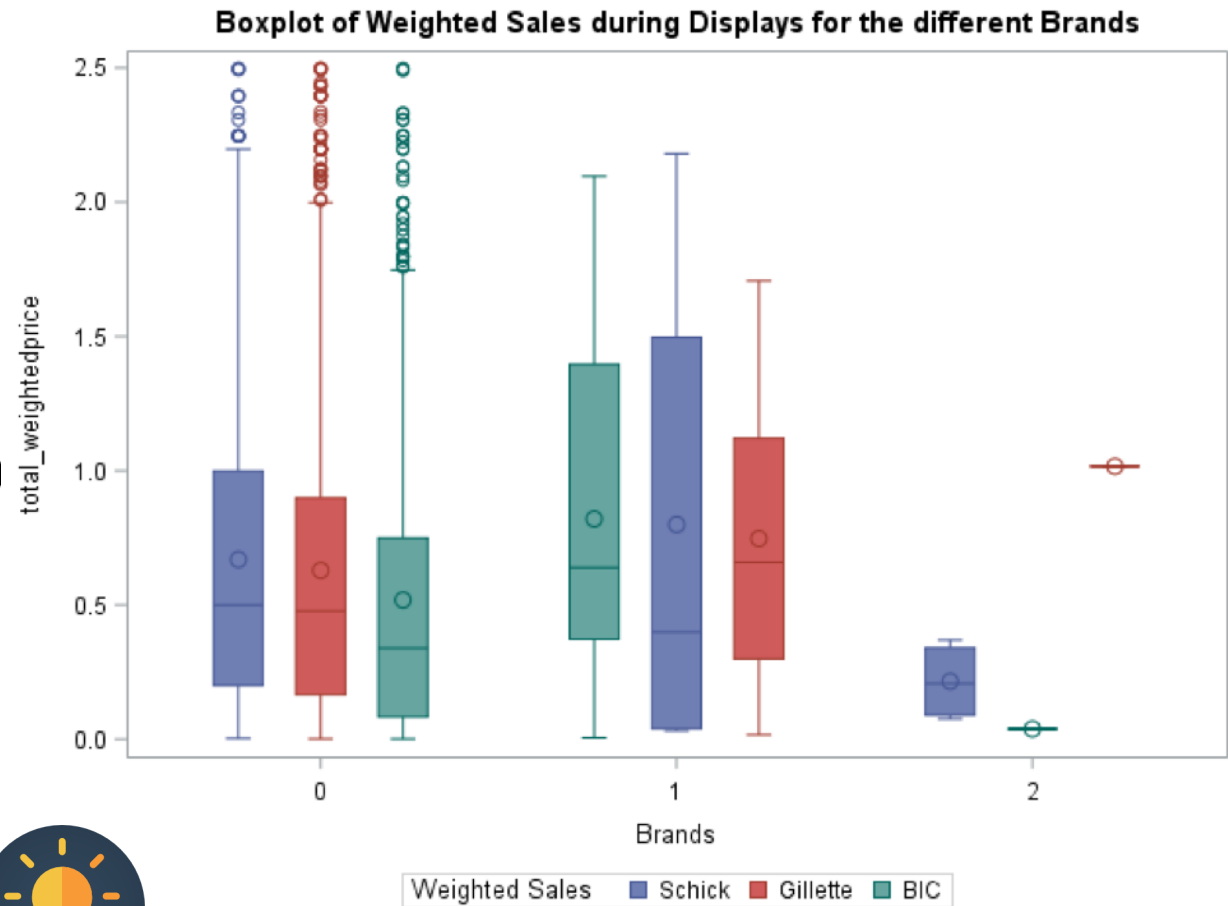
are associated with **3 to 4 times** increase in unit sales as compared to no displays



FEATURES

are associated with **2 to 3 times** increase in unit sales as compared to no features

07 VISUALIZING EFFECTS OF ADVERTISING

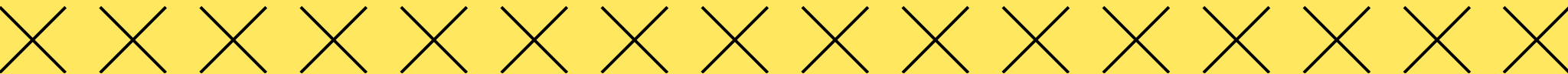


EFFECTS OF MINOR DISPLAYS SEEMS TO HAVE AN EQUAL EFFECT BETWEEN BIC AND GILLETTE. GIVES US A LEVEL PLAYING FIELD WITH THE LEADER.



EFFECTS OF ADVERTISING ON SWITCHING

weighted switch = weighted price + type + brand + price reduction +
display + feature + form + brand*feature + brand*display





Major displays are associated with a

54% DECREASE

in switching occurring as compared to no displays

**GOOD FOR RETAINING
CONSUMERS!**



Features with coupons are associated with a

98% INCREASE

in switching occurring as compared to no features

**GOOD FOR ATTRACTING
CONSUMERS!**

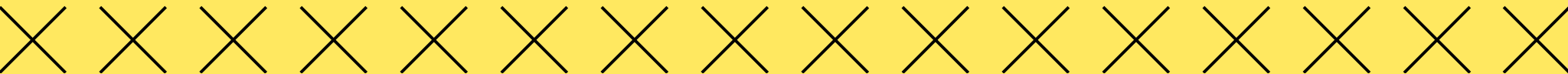


**BIC SHOULD ADOPT A DUAL APPROACH TO
ADVERTISING IF IT WANTS TO GROW**



EFFECTS OF DEMOGRAPHICS ON LOYALTY

loyal customer = outlet + age group of head household male + age group of head household female + income status + education level male + education level female + marital status + residential status



11 RECENCY, FREQUENCY AND MONETARY SCORE

After obtaining the RFM score, we enforced the following criteria based on managerial thinking:



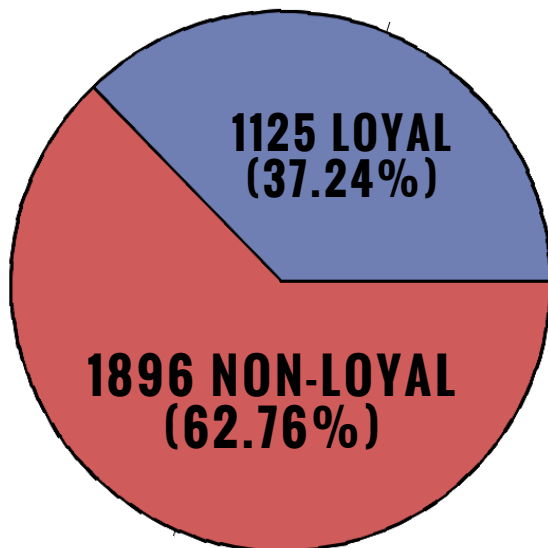
1. RFM ≥ 12



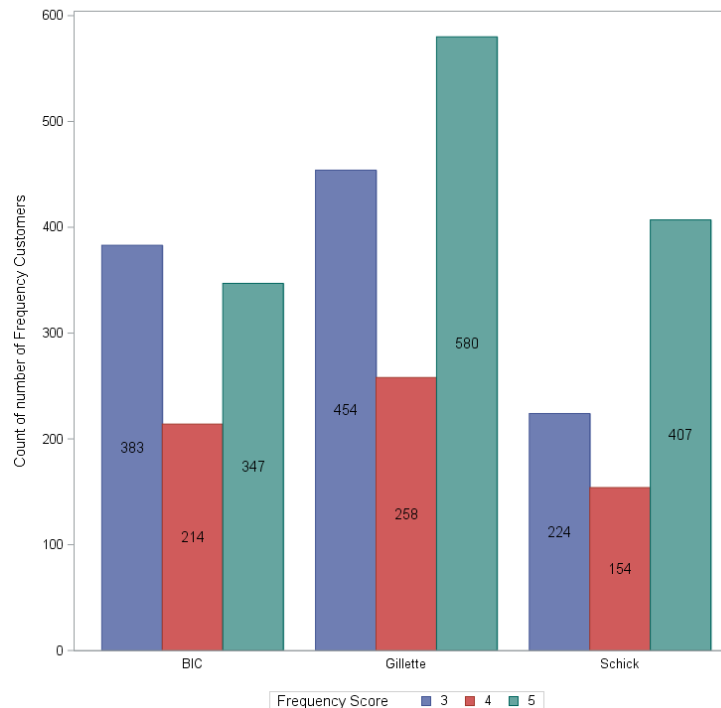
2. EACH COMPONENT OF RFM ≥ 4

3. BOTH 1 & 2 MUST BE SATISFIED

Proportion of Loyal Customers

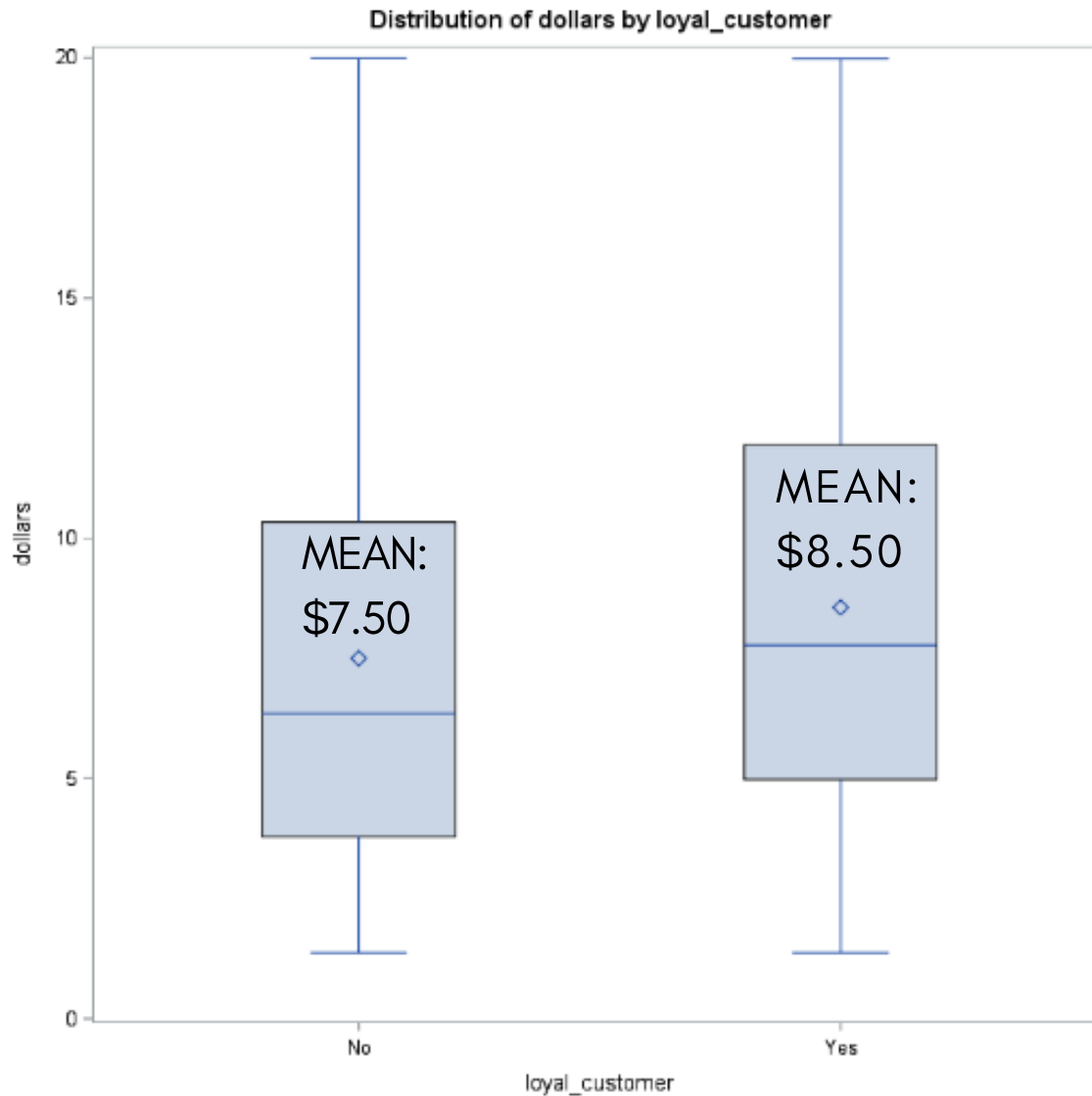


Break-down of Frequent Customers by Brand

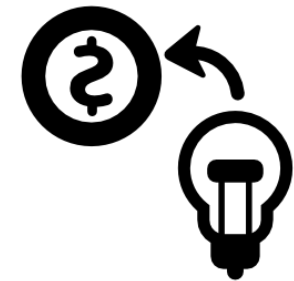


PEOPLE WHO ARE IN CLASS 3-4 CAN BE SEEN AS LOW-HANGING FRUITS THAT BIC CAN TARGET!

12 DETERMINING AMOUNT TO SPEND ON CONVERSION



BIC SHOULD NOT SPEND MORE THAN \$1 PER CONSUMER FOR CONVERSION.



Using t-test, we have determined that the means are significantly different from each other at 95% confidence level.

13 PROC LOG - EFFECTS OF DEMOGRAPHICS ON LOYALTY



Households with female heads above 35 years are

**GENERALLY
MORE LIKELY**

to be a loyal customer
as compared to females
heads below 35.



Households with a combined income above \$12,000

**GENERALLY
MORE LIKELY**

to be a loyal customer as
compared to households
below \$12,000.

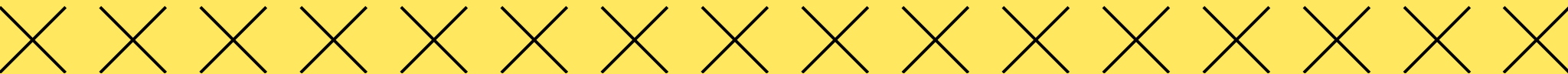


**BIC SHOULD BE SELECTIVE IN TARGETING ITS
CAMPAIGN AS IT MAY BE COSTLY TO CONVERT AN
ALREADY LOYAL CUSTOMER**



EFFECTS OF PRODUCT CHARACTERISTICS ON LOYALTY

loyal brand = type + form + gender + package





Schick's loyal consumers are **15 TIMES** more likely to choose cartridges over disposables relative to BIC.

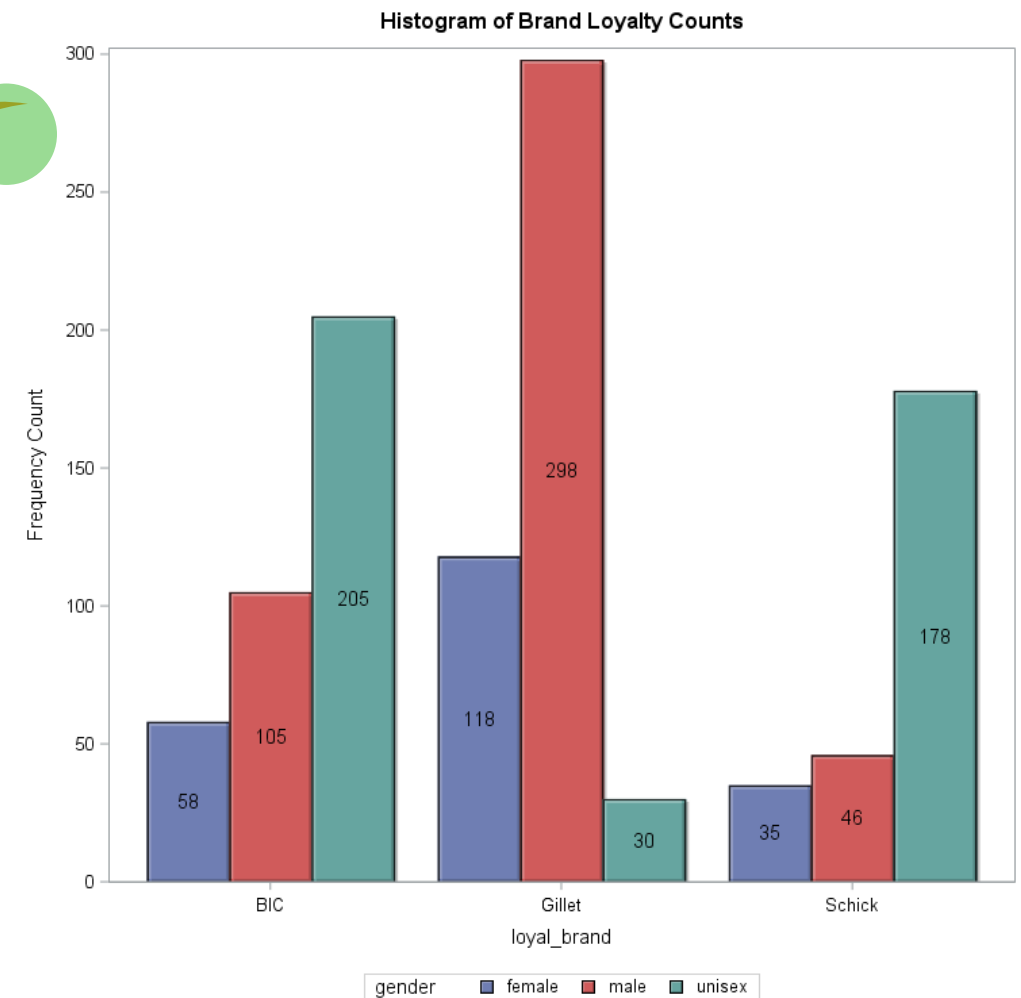


Schick's loyal consumers are at least **9 TIMES** more likely to choose multi-blades over single blades relative to BIC.



Schick's loyal consumers are at least **7 TIMES** more likely to choose unisex shavers over male shavers relative to BIC.

16 ENGAGING LOW-HANGING FRUITS PRINCIPLE



BIC SHOULD PUSH FOR MULTI-BLADES CAPABLE OF CARTRIDGE REPLACE FOR UNISEX TO CAPTURE SCHICK MARKET SHARE.

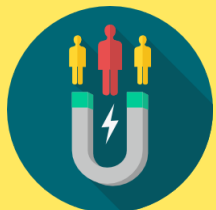
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THANK YOU!

making blades sharp again, one blade at a time

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