

Lecture #1

MKTM503 Marketing Management-1



Rajesh Verma



MITTAL
SCHOOL OF BUSINESS

QUESTION

**How to convert non-customers
into customers?**



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USA LIFE IN 1900s





Industrialization and reform (1870-1916)



Industrialization and reform (1870-1916)

SHAVING IN 1900s





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SHAVING INSTRUMENTS IN 1900s





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QUESTION

What do you think are the key competing factors?

KEY COMPETING FACTORS

- Life Lasting Razors
- Forged Blades
- Size of Blade
- Price of Razor



EXISTING CUSTOMERS

- Medium/High Income
- White Collar
- Barbers



Customers of your industry.

1

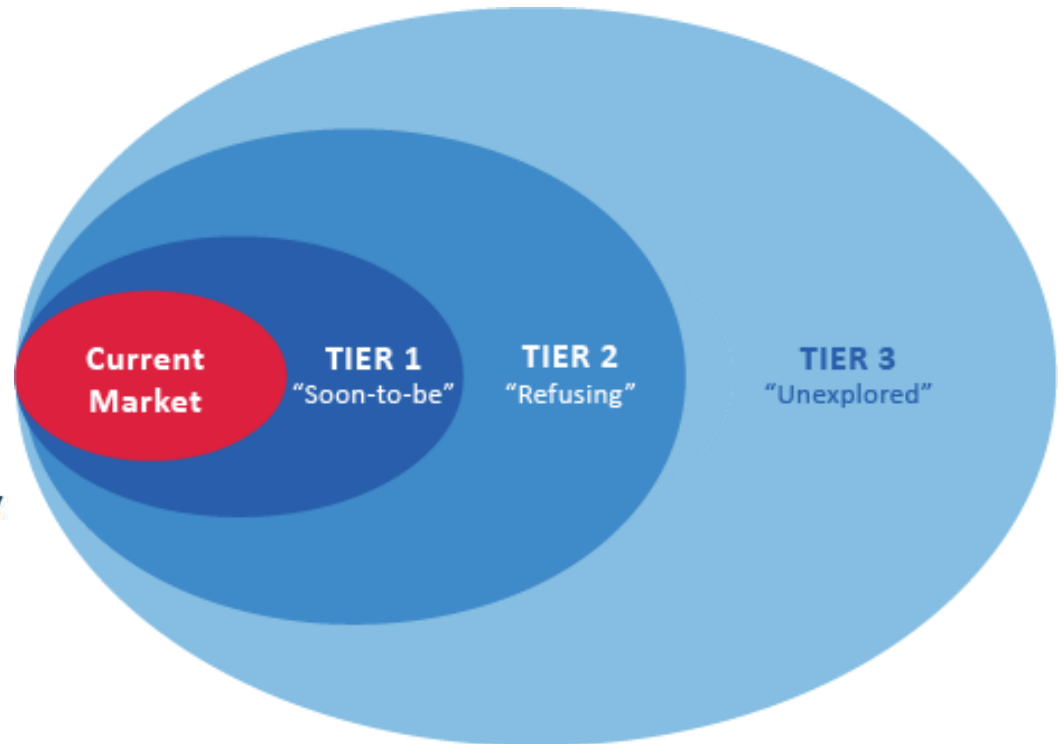
"Soon-to-be" noncustomers who are on the edge of your market waiting to jump ship.

2

"Refusing" noncustomers who consciously choose against your market.

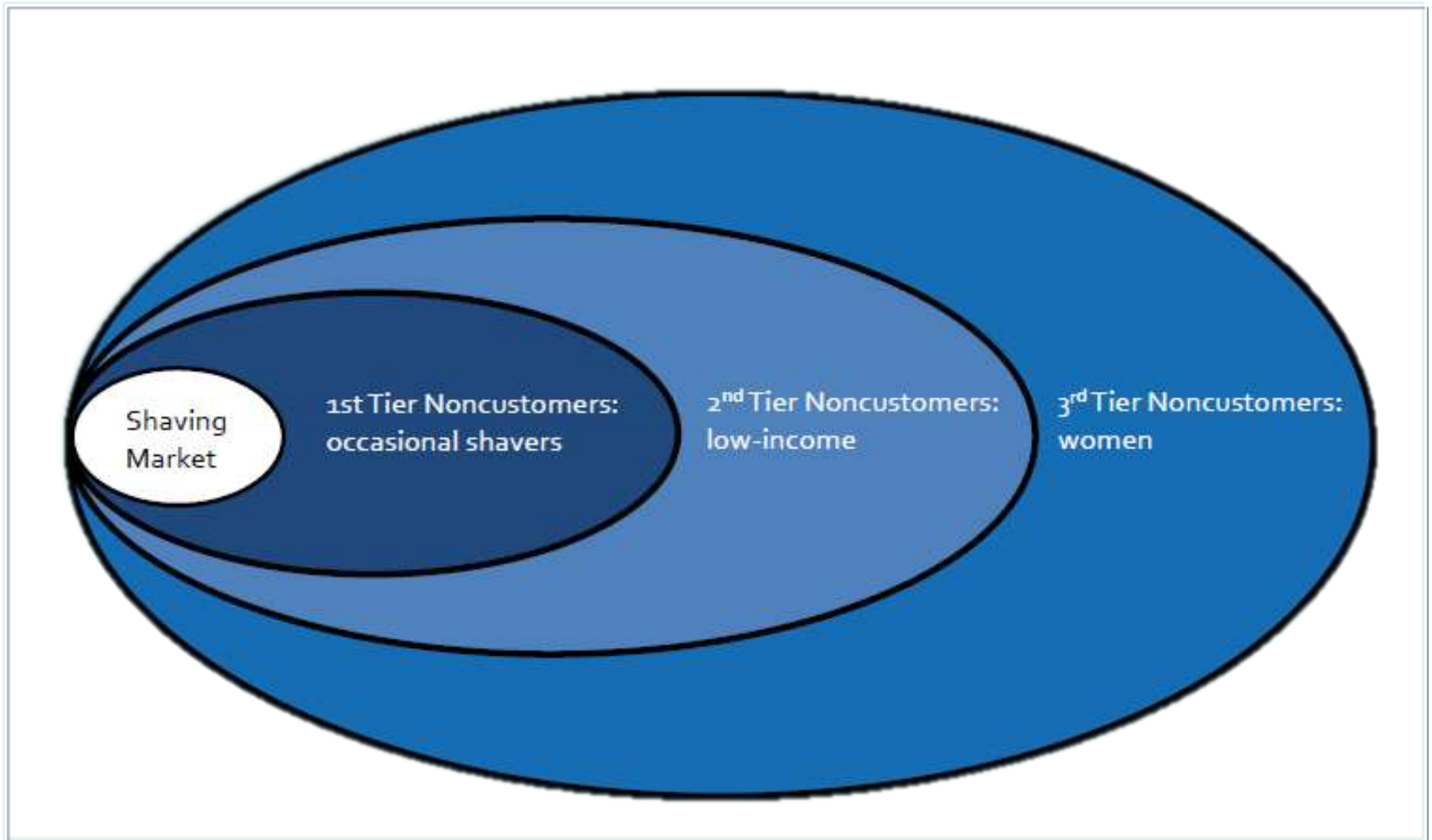
3

"Unexplored" noncustomers who are in markets distant from yours.



W. Chan Kim and Renée Mauborgne

WHO ARE NON-CUSTOMERS



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THREE TIERS OF NON-CUSTOMERS

Non-Customers	Status
Occasional Shavers	66 million lived in nonmetropolitan territory and could not easily go to the barbershop
Low Income	40% of total population had low incomes 2 million people unemployed 30 million below the poverty level
Women	37 million (49%)



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QUESTION

**What do you think are the reasons
for not shaving?**

REASONS FOR NOT SHAVING



- Price
- Safety
- Difficulty of use
- Maintenance
- Fashion and image

What to do?



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ERRC GRID

Eliminate

Raise

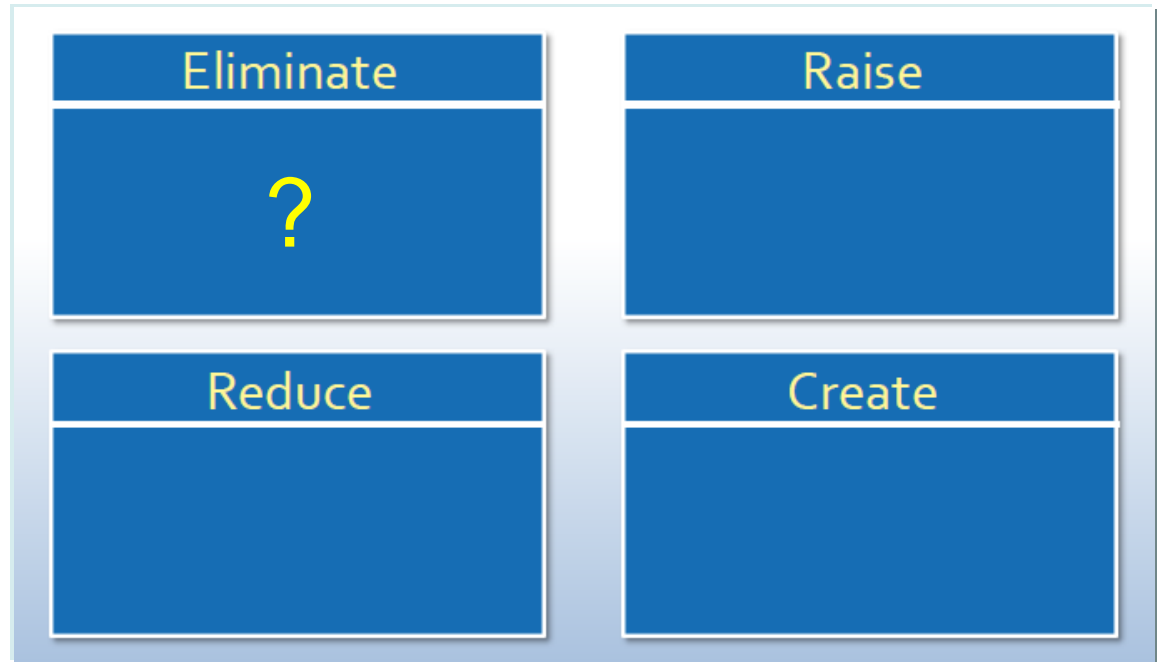
Reduce

Create



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- A. Price
- B. Safety
- C. Difficulty of use
- D. Maintenance
- E. Fashion and image



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ERRC GRID

Eliminate

Life-lasting razors
Forged blade

Raise

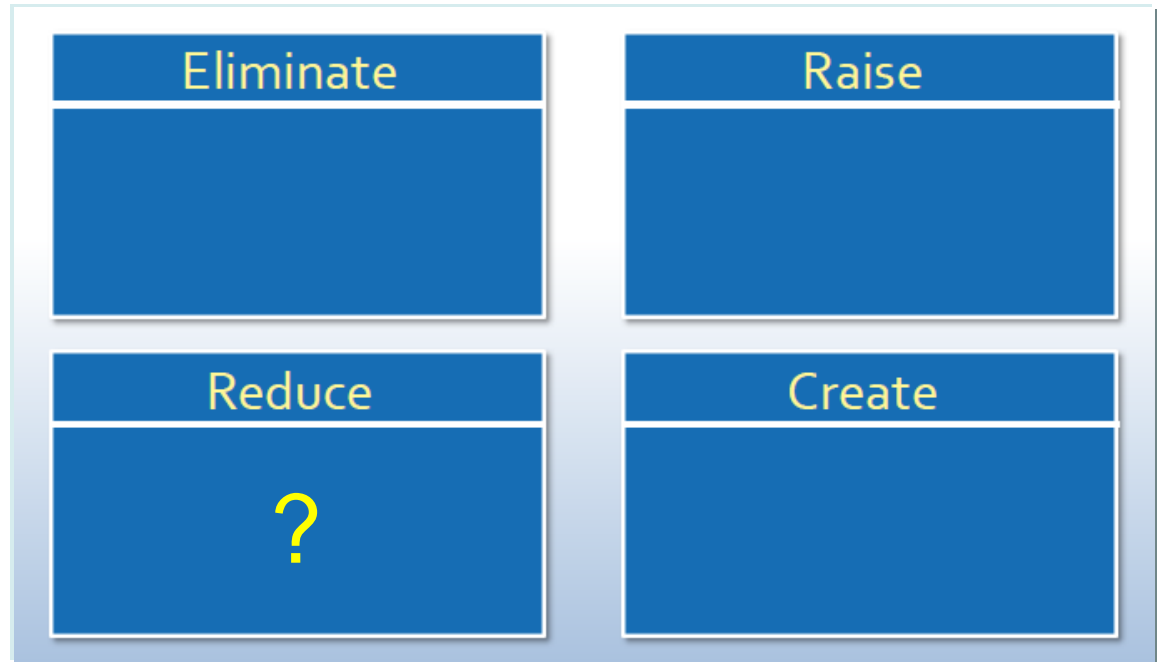
Reduce

Create



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- A. Price
- B. Safety
- C. Difficulty of use
- D. Maintenance
- E. Fashion and image



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ERRC GRID

Eliminate

Life-lasting razors
Forged blade

Raise

Reduce

Size of blade
Price

Create



- A. Price
- B. Safety
- C. Difficulty of use
- D. Maintenance
- E. Fashion and image



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ERRC GRID

Eliminate

Life-lasting razors
Forged blade

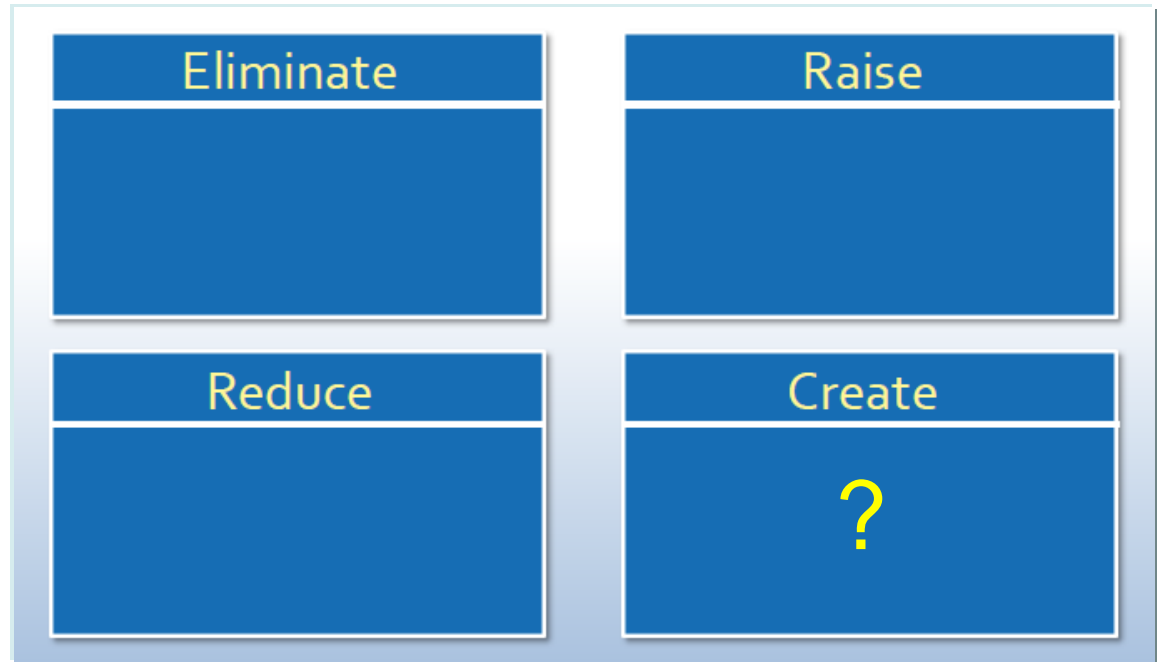
Raise

Safety
Ease of use

Reduce

Size of blade
Price

Create



- A. Price
- B. Safety
- C. Difficulty of use
- D. Maintenance
- E. Fashion and image



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ERRC GRID

Eliminate

Life-lasting razors
Forged blade

Raise

Safety
Ease of use

Reduce

Size of blade
Price

Create

Maintenance-free
Fashion & image



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King Camp **Gillette**
(January 5, 1855 – July 9, 1932)

GILLETTE'S SAFETY RAZOR

- In 1903 Gillette sold first safety razor with disposable blades Gillette's
- The razor required a small initial investment
- Gillette changed the business model of the industry



Gillette is brand or a company?

Gillette[®]



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CHANGE

FROM

TO

CHANGE

FROM

High-priced razor

Forged blade

Thick and wide blade

Unsafe



TO

Low –priced razor

Stamped steel blade

Narrow and thin blade

Safe

CHANGE

FROM

Difficult

Complex honing and
stropping process

Unfashionable



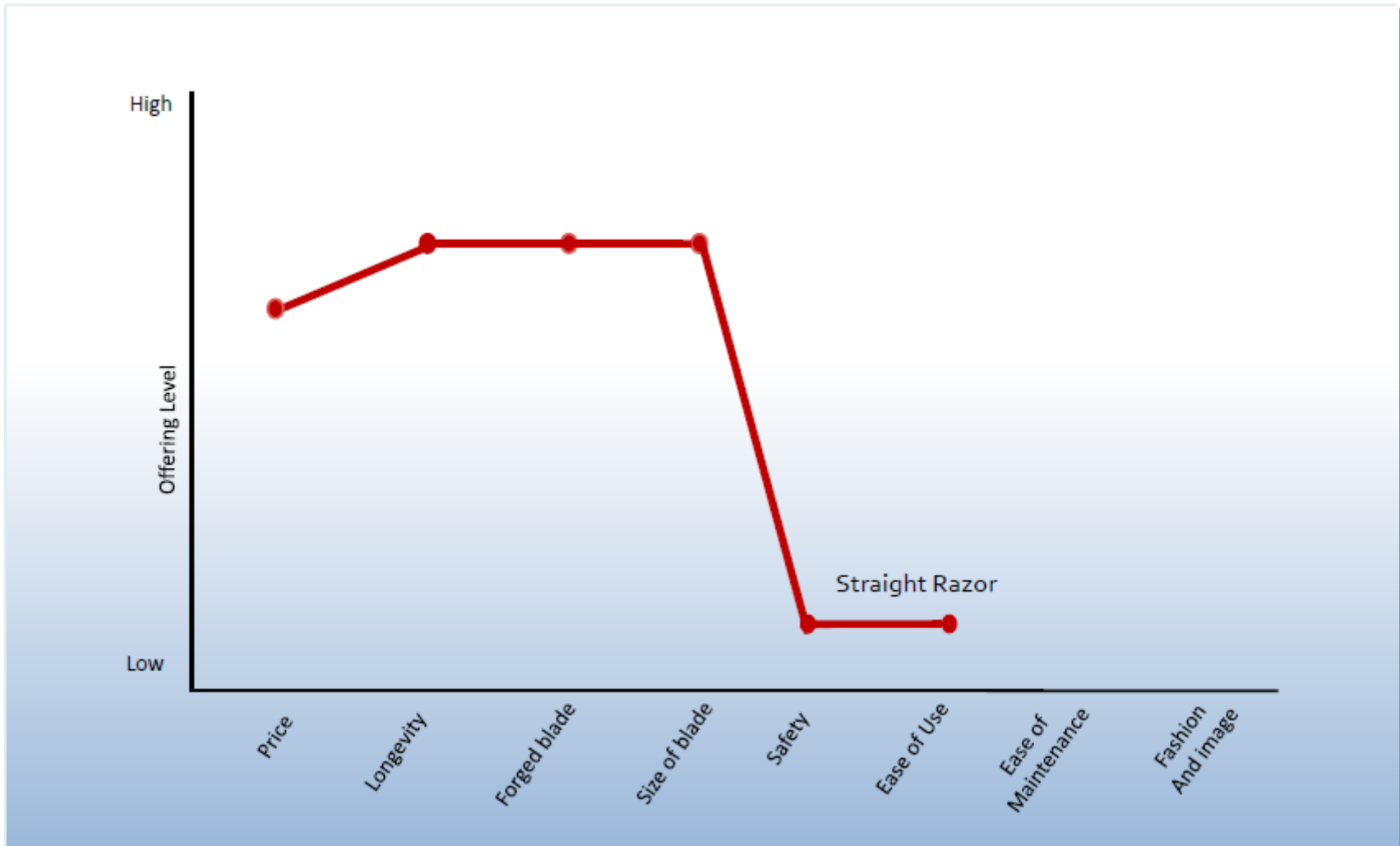
TO

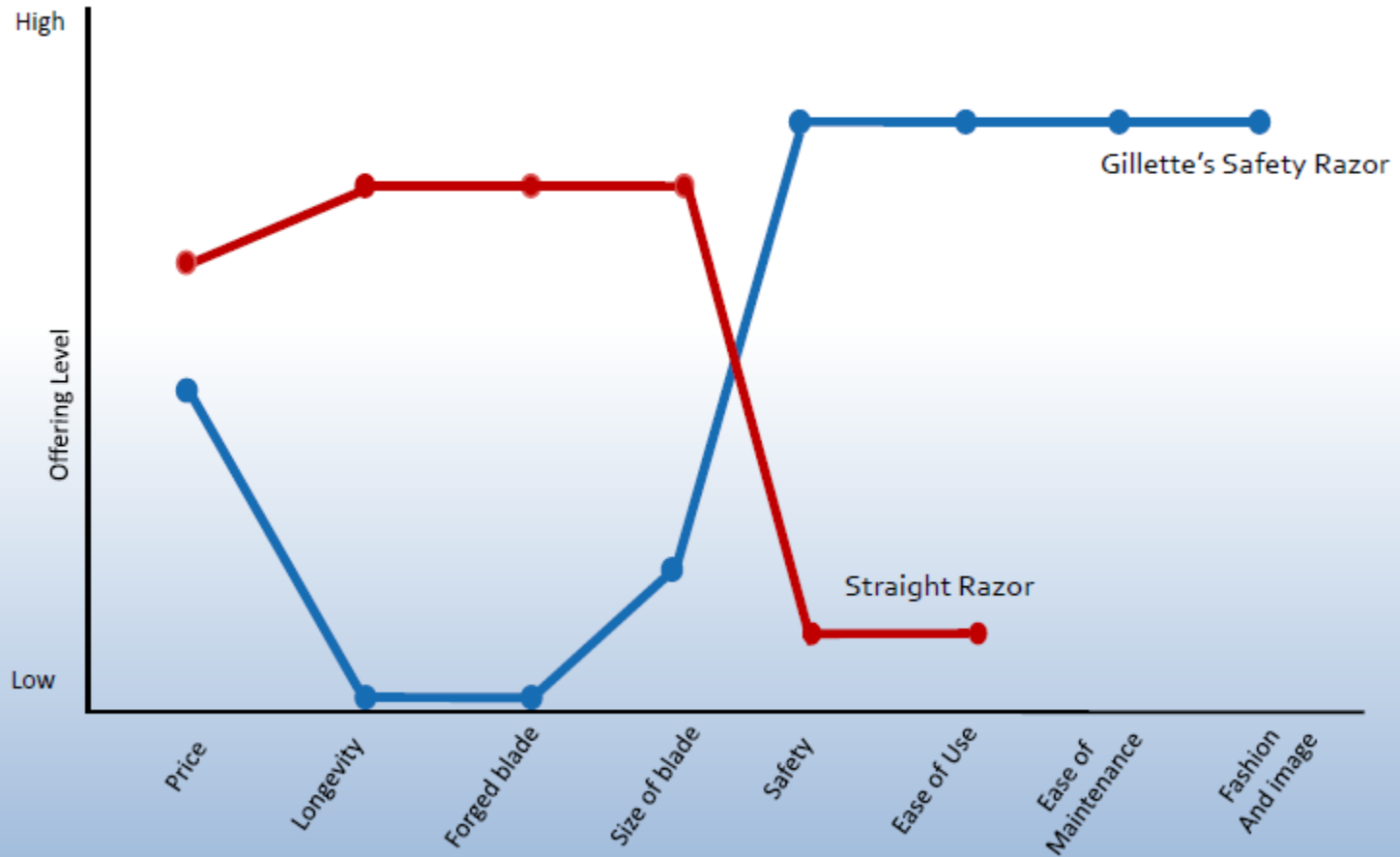
Easy

Disposable blade

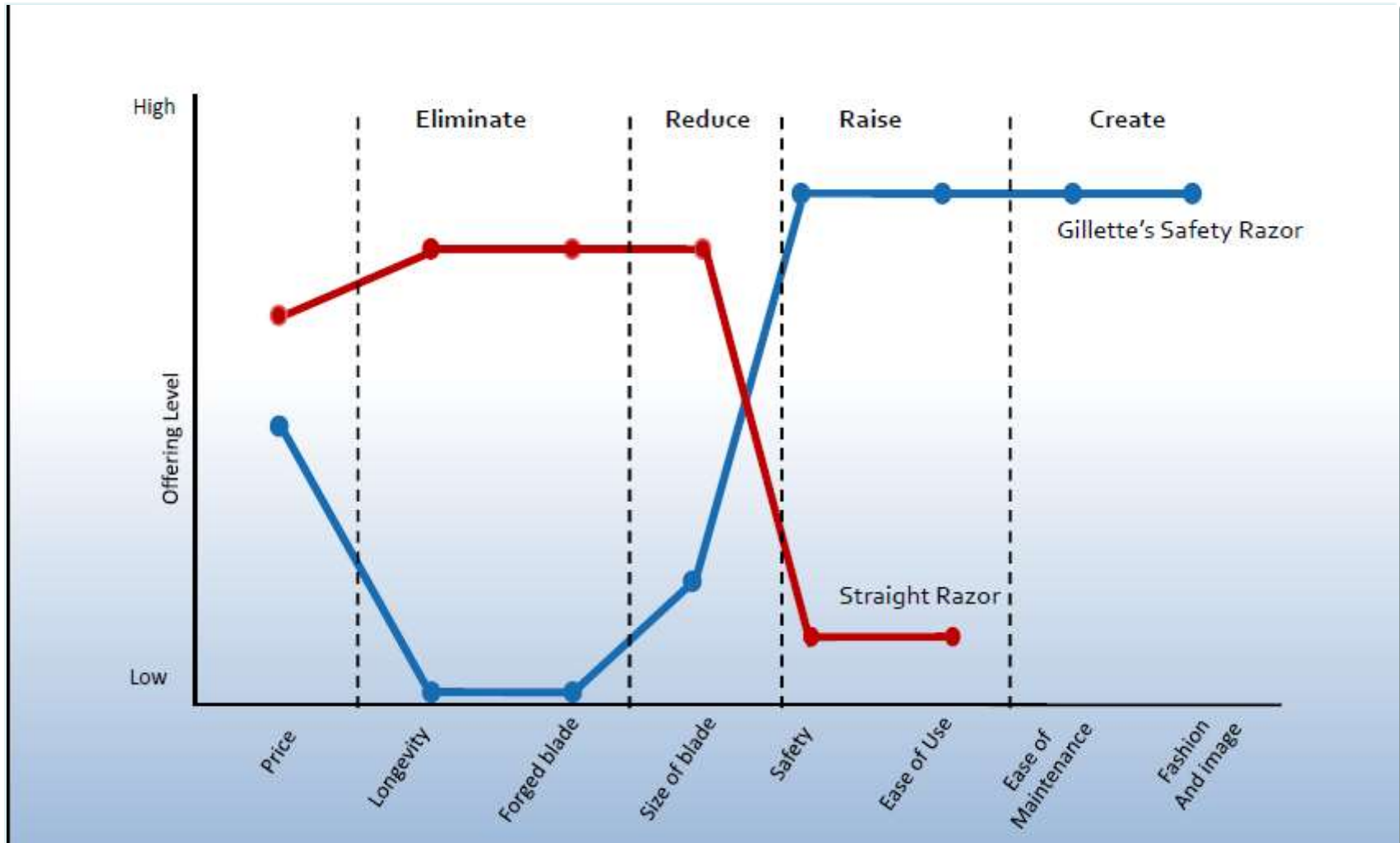
Fashionable

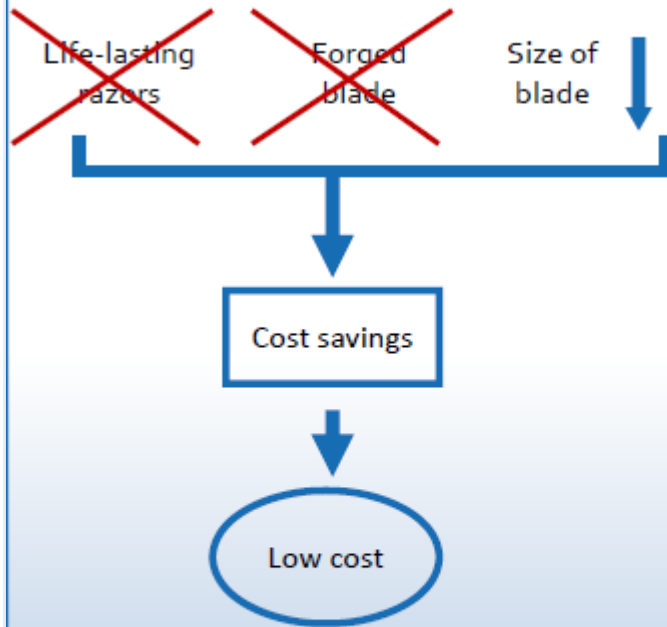


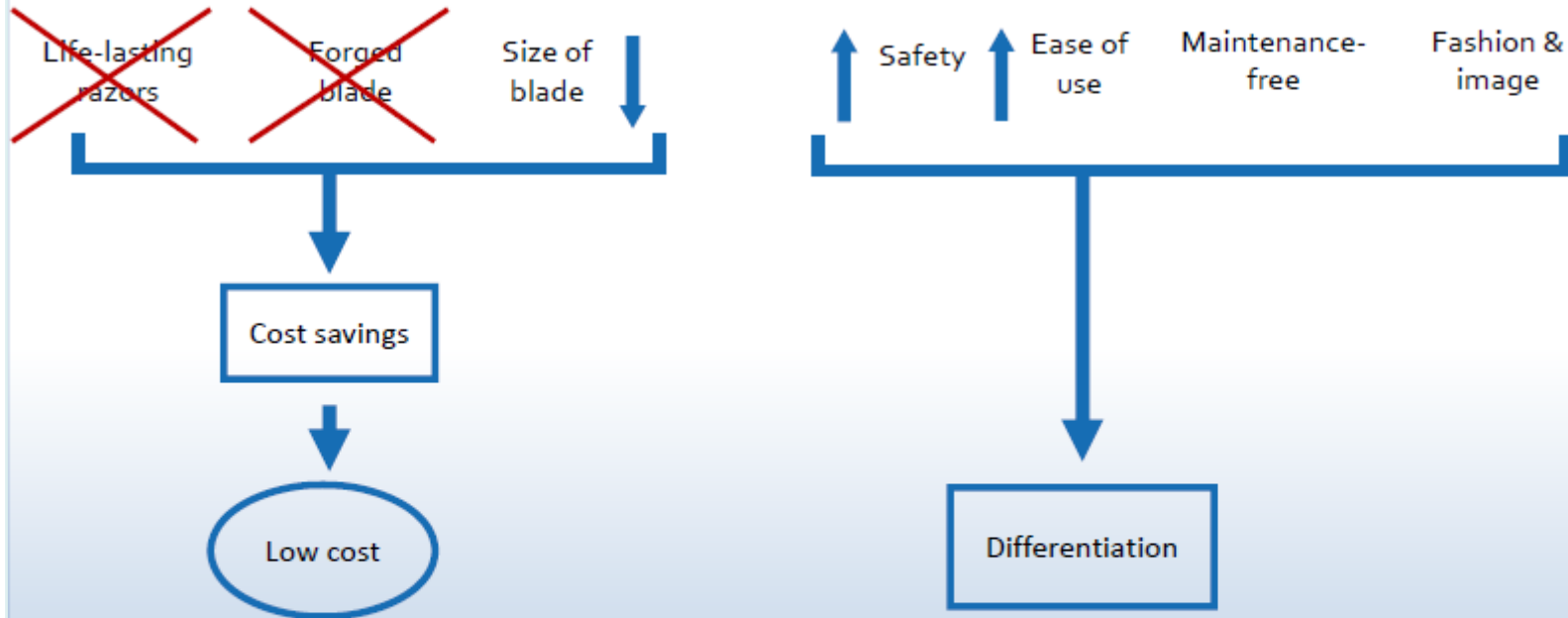


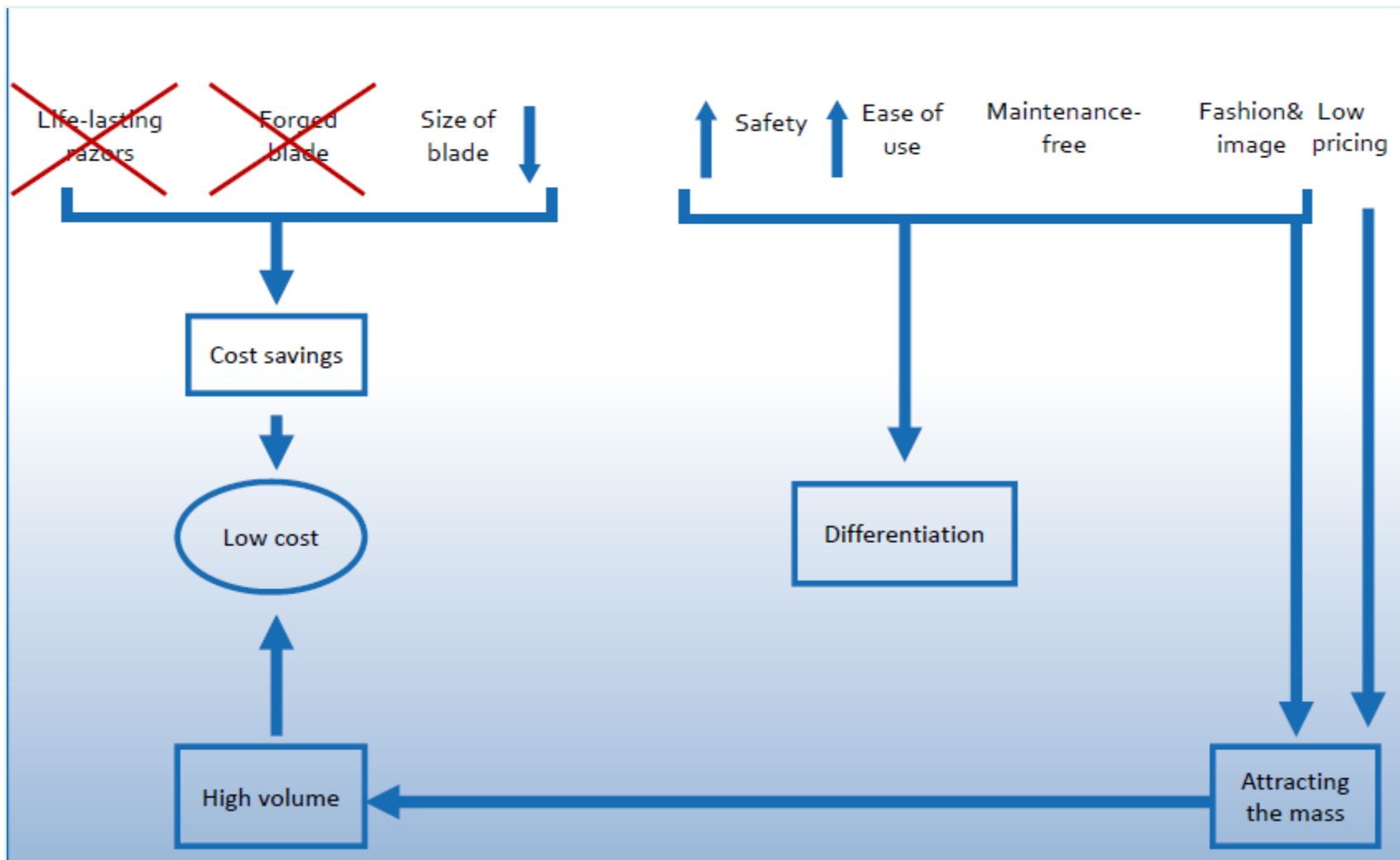


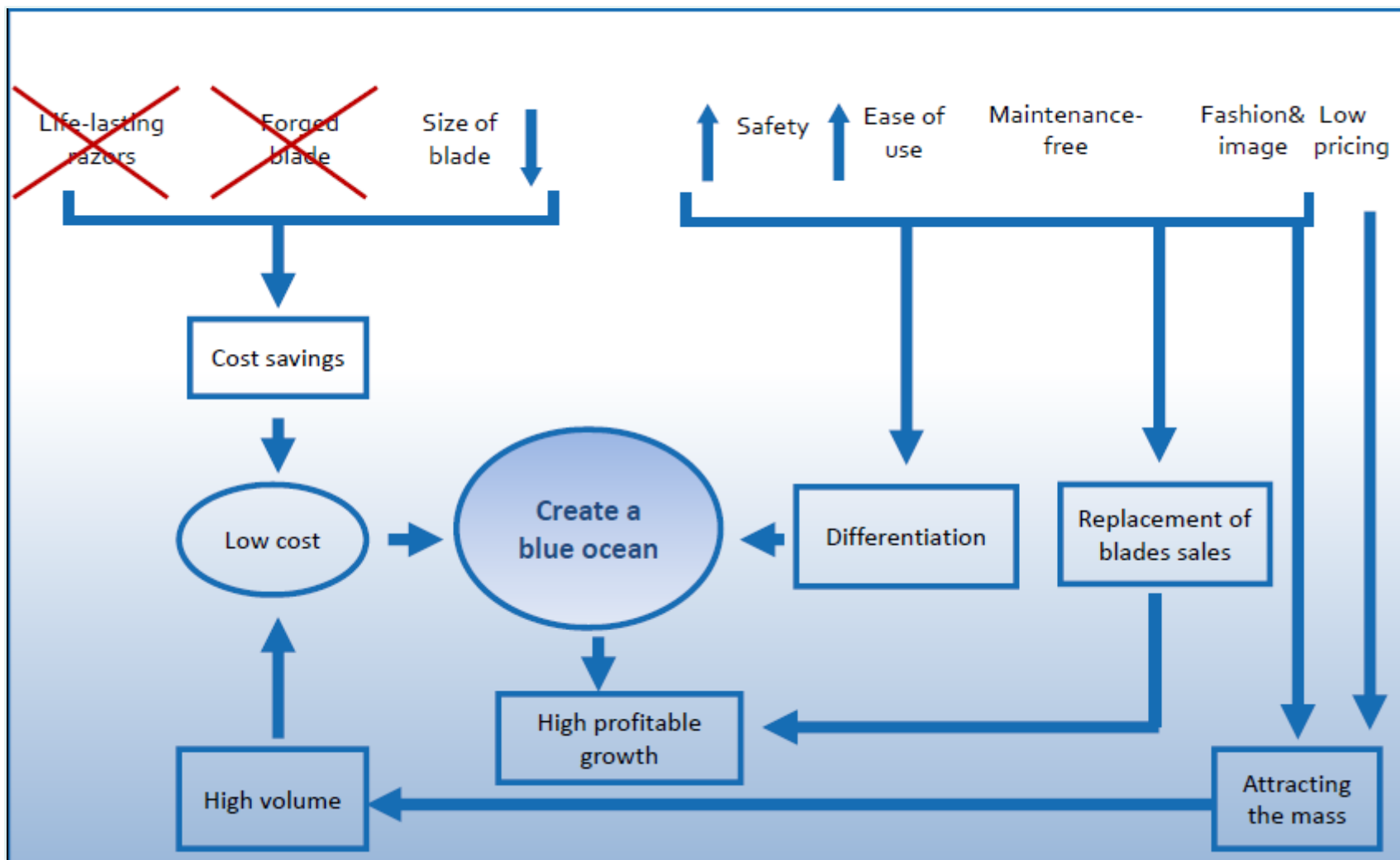
STRATEGY CANVAS

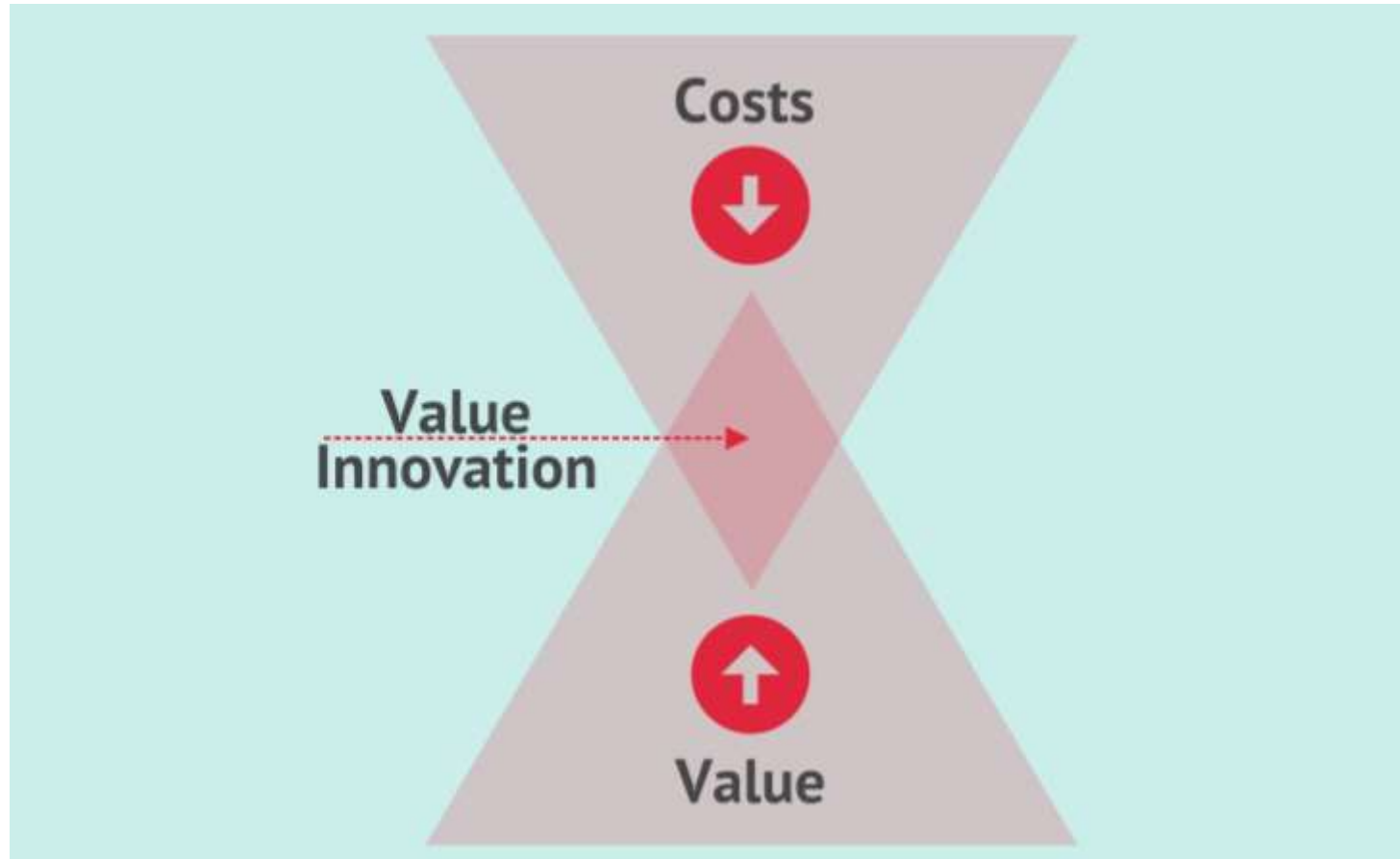










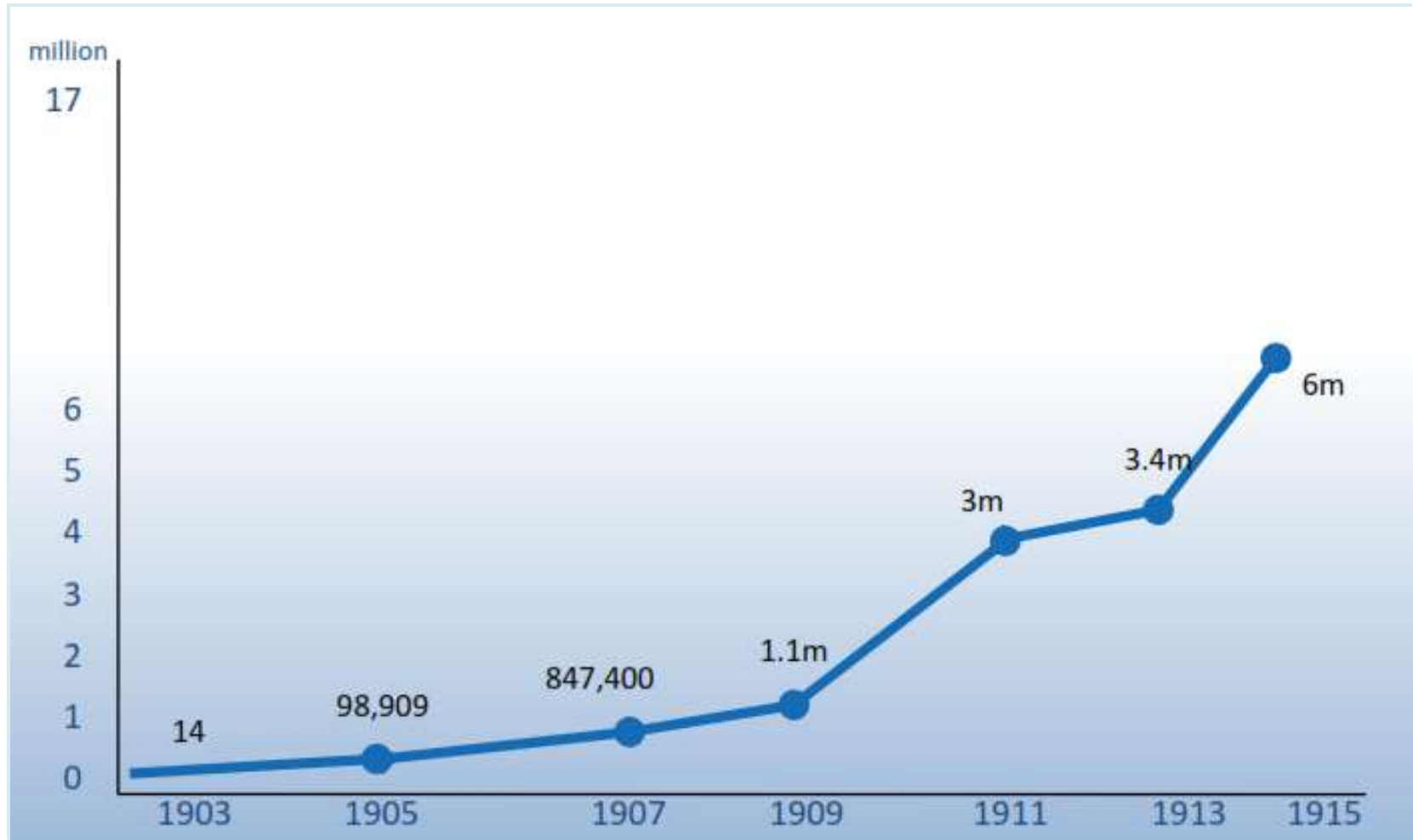




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RESULT-BLADES

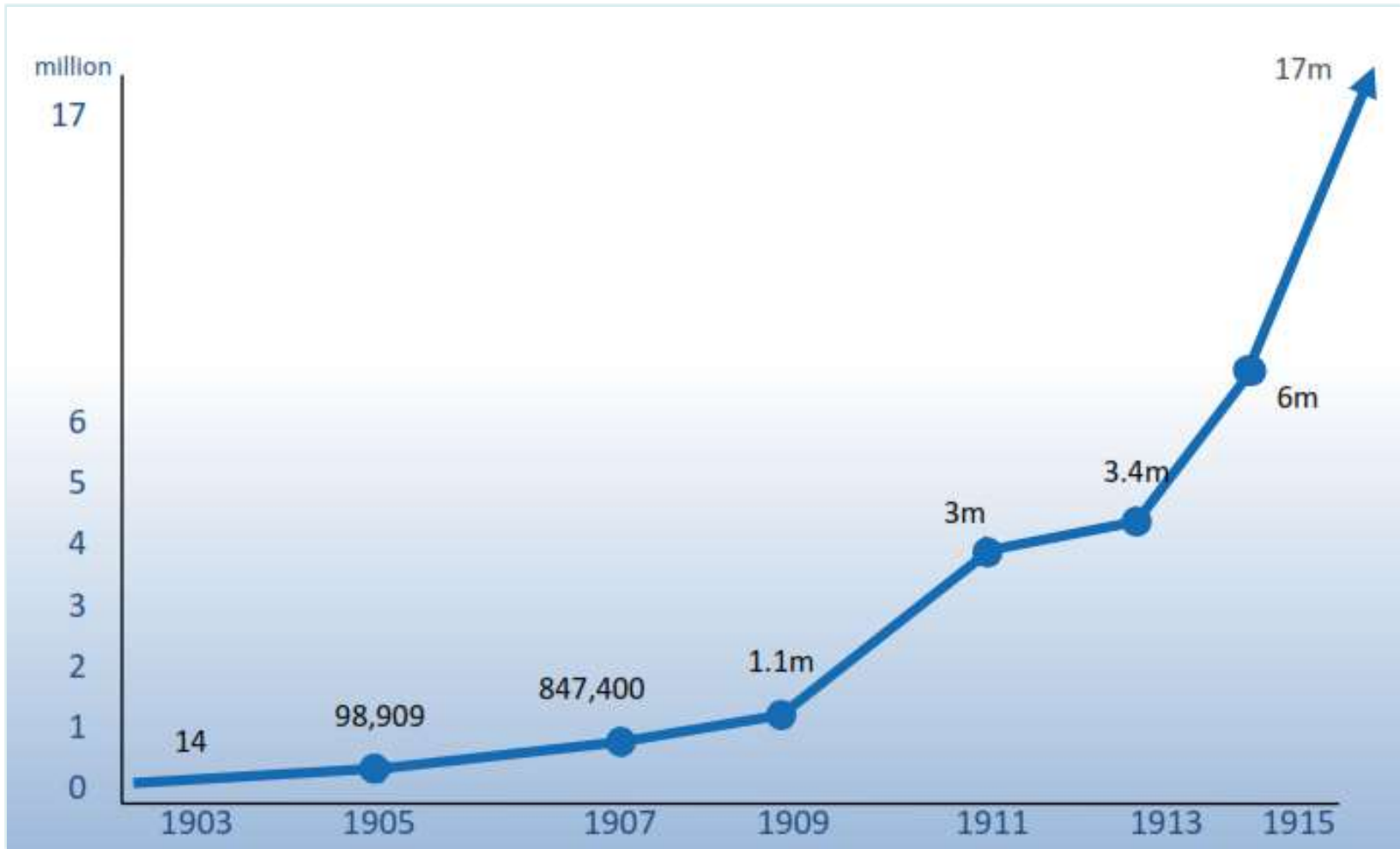




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RESULT-BLADES









What do you think is the reason behind this sudden increase in demand?



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WHAT IS LEFT?

Eliminate

Life-lasting razors
Forged blade

Raise

Safety
Ease of use

Reduce

Size of blade
Price

Create

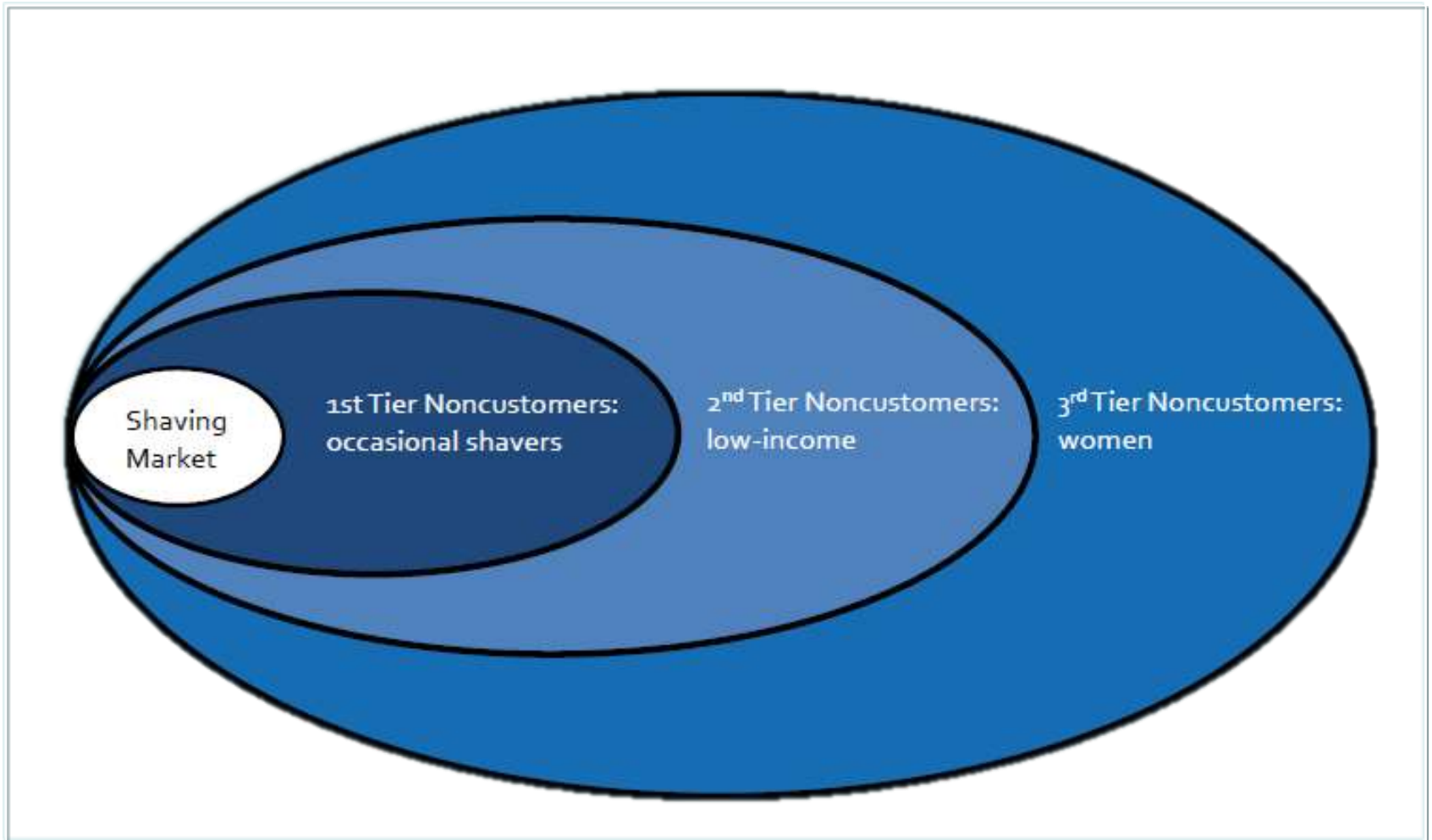
Maintenance-free
Fashion & image



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QUESTION

Non-customers into customers
Who is left?





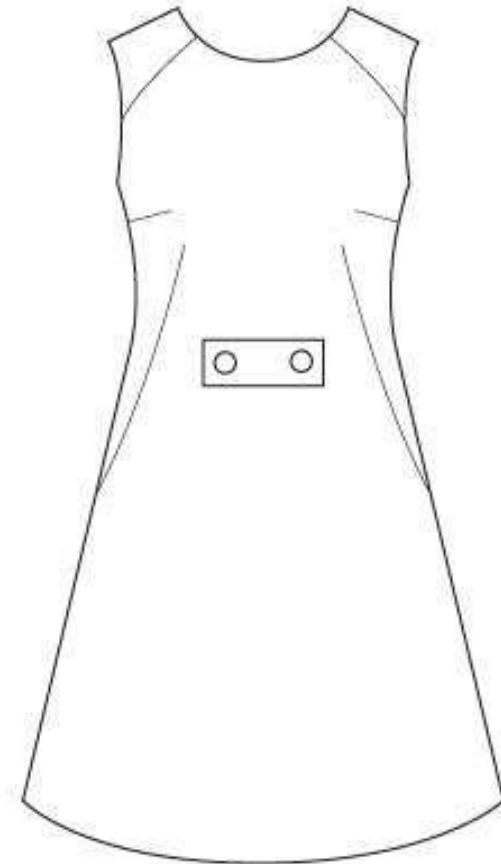
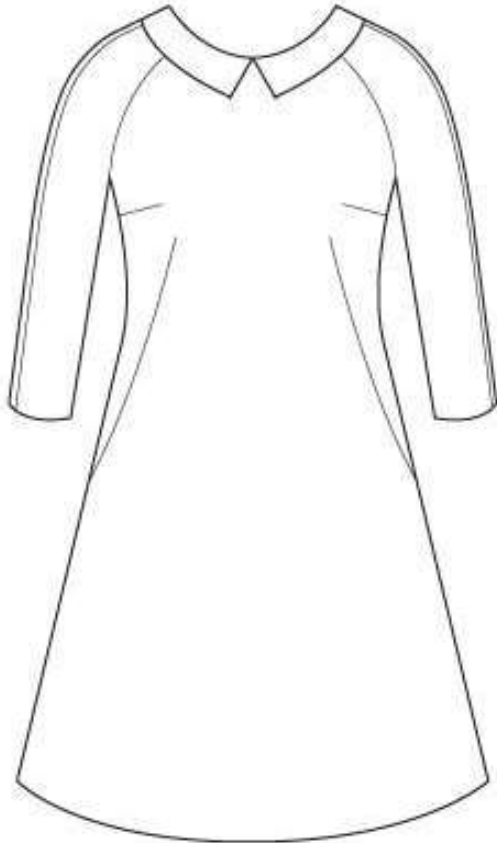
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WOMEN



CHANGE



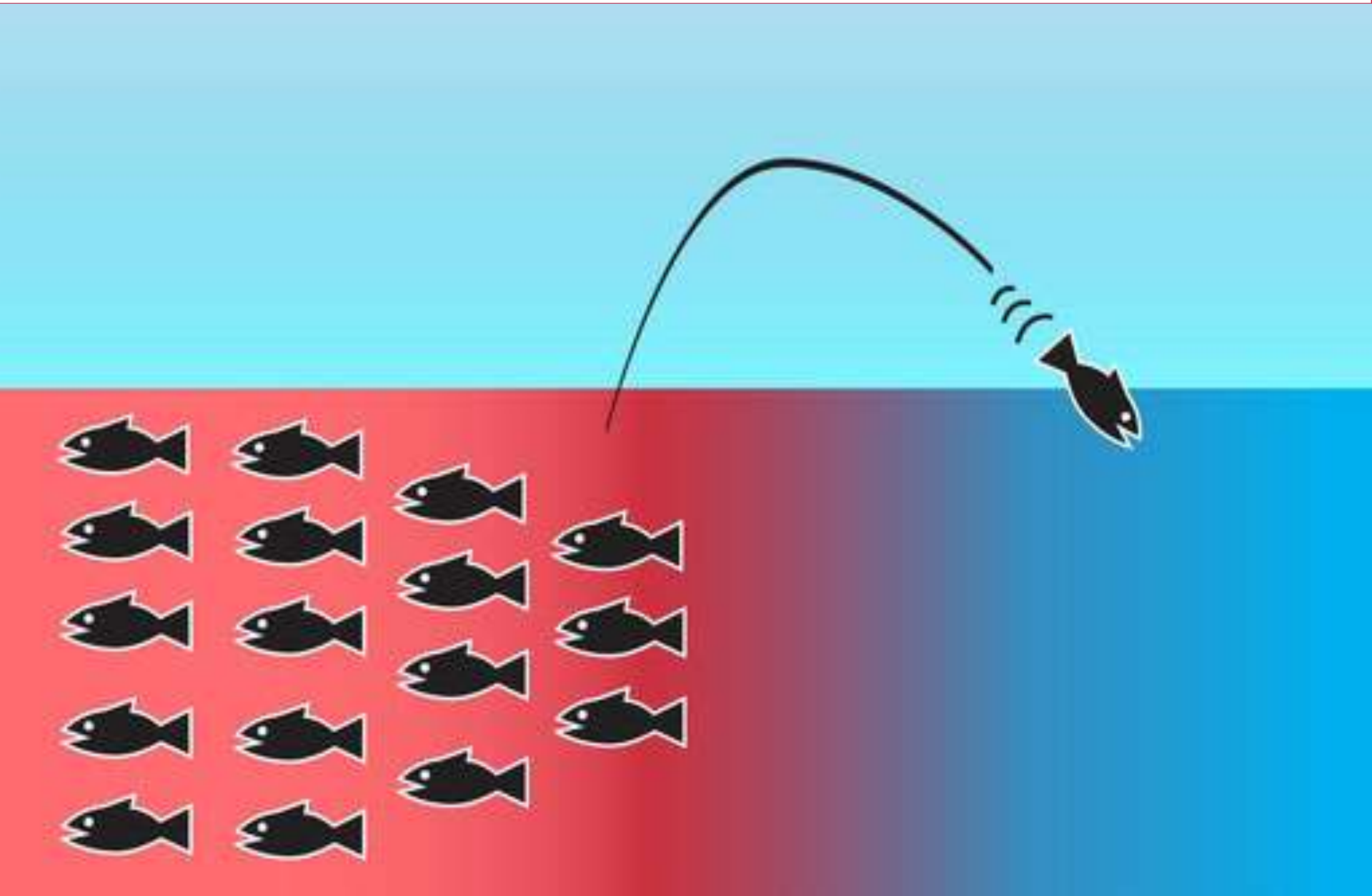
What is the major reason for this change?



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SHIFT



Achieve success through innovation
and make the competition irrelevant



RED OCEAN STRATEGY VS BLUE OCEAN STRATEGY

Compete in the existing market space

Beat the Competition

Exploit Existing Demand

Make the Value-Cost Trade Off

Focus on Strategic choice of
Differentiation or low cost

Lower Upfront Costs

Create Uncontested market space

Make the Competition Irrelevant

Create and capture New Demand

Break the Value-Cost Trade Off

Align firm's activities in pursuit of
differentiations and innovation
with low cost

Higher Upfront Costs due to investment
in Research & Development



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WE'LL STOP MAKING RAZOR
BLADES WHEN WE CAN'T KEEP
MAKING THEM BETTER.

King Gillette





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INNOVATION CONTINUES.....

Gillette Labs
HEATED RAZOR





Will Gillette be able to
sustain century old
leadership?

Any Questions?



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