

GILLETTE INDIA LIMITED



Background

Founded in 1901, Gillette Company USA (GC) is one of the leading manufacturers of shaving products, which includes blades and razors. Its portfolio includes grooming products, alkaline batteries, oral care products and personal care products. The company had net sales of over US\$ 9 billion in 2003 and manufacturing operations at 32 facilities spread across 14 countries. Gillette products are distributed through wholesalers, retailers, and agents in over 200 countries and territories. Gillette India Ltd. (GIL) is a subsidiary of the Gillette Co, USA. It mainly operates in the following three segments:

- **Male grooming/shaving products:** Double-edged razor blades, twin-type shaving systems and disposables.
- **Alkaline batteries:** Gillette markets Duracell.
- **Oral care:** Gillette sells toothbrushes under the Oral-B and Prudent brands.

Gillette India Ltd (GIL) commands 40 per cent of the US\$ 113 million Indian shaving blades market.

A leading player in Indian shaving products and oral care market

Gillette has introduced innovative products like Sensor Excel, Mach3, Duracell alkaline batteries, disposable razors, twin/triple edge cartridges to the Indian consumers. It has captured a market share of more than 88 per cent in the premium shaving systems segment.

When Gillette came to India it had to face a number of challenges like:

- Price-sensitive Indian consumers
- Low awareness about camera usage and photography, resulting in low battery usage
- High import duty on shaving products (close to 90 per cent)
- Need for an extensive distribution network

Gillette has overcome these hurdles to emerge as one of the most respected and popular brand names in shaving products.

Factors for success

Launching innovative and customised products

Gillette has created a new market for the power battery toothbrush through Oral-B (the oral care subsidiary of Gillette India). It also introduced Mach3Turbo, a triple-blade shaving system in India.

Gillette India has launched customised products specially designed for Indian consumers. It introduced "Vector Plus", which is a twin blade system with push clean anti-clogging function in the mid-price segment

Strong parental support in advertising and promotion

Gillette India benefits from its parent's spending, strategy on advertisement and brand promotion.

- Gillette Company, USA (GC) has signed up a three-year marketing agreement with football star David Beckham; for worldwide consumer advertising and global promotional campaigns that cover India.
- During the 2002 FIFA World Cup, Gillette India announced a promotion scheme offering a unique opportunity to win a trip to Yokohama, Japan, to see the finals, live.
- To promote its products directly to consumers, Gillette India Limited has launched "Gillette Grooming Centres" along with 50 salons. These centres provide specific tips on shaving etc. and also help in promotion of company products.
- Gillette has localised its advertisements as per



Indian culture. For example the promotion campaign for "Vector" was related to an Indian marriage party.

Localisation of distribution system and wide distribution network

Gillette's sales and distribution network is wide, enabling consumers all over the country to buy its products. Gillette has localised its distribution system and made it specific to the Indian market. Gillette has targeted the Indian market on a shop-by-shop basis as against the European and US market where there are only few major retailers.

Restructuring business to drive growth

Gillette restructured its business in India in 2003.

- **Strategic restructuring:** Focused on grooming and oral care business while exiting battery and household appliances business.
- **Financial restructuring:** Focused on improving the margins, cost reduction and improving asset utilisation.

The restructuring undertaken by Gillette paid off when the company posted a net profit of US\$ 0.2 million for the quarter ended December 31, 2003 as compared to a net loss of US\$ 0.71 million for the quarter ended December 31, 2002.

Leveraging India's large market

Gillette is tapping the large Indian consumer base to establish a strong presence in the country. The market for shaving blades in India is the largest in the world. The market for oral care (toothbrushes) is the second largest in the world, while that of batteries is the third largest in the world (all in volume terms).

Apart from this the increasing consumer-spending capacity and the increase in retail activity are also some factors which attract Gillette to expand its business in India

Future plans

- Gillette India plans to import the complete range of alkaline batteries from Duracell units worldwide while continuing to focus on the premium blades and shaving systems market.
- Planning to conduct a 'Dentist Education Awareness Programme' to explain the benefits of power toothbrushes. It includes providing better oral hygiene and superior cleaning compared to the manual brush. Besides, the company is also planning to launch a new mass media advertising campaign.
- Gillette India plans to aggressively increase its business over the next few years by introducing more products into the Indian market at various price points.

Gillette India Ltd: AT A GLANCE

- Leading player in shaving products and oral care market
- Factors for success: Launching innovative and customised products. Strong parental support in advertising and promotion. Localisation of distribution system and wide distribution network. Restructuring to drive growth
- Future plans: Import the entire range of Duracell batteries. Launch a "Dentist Education Awareness Programme" and an advertising campaign to explain the benefits of power toothbrushes. Increase business aggressively by introducing more products