

## *Original Paper*

# The U.S. Women's Razor-Blade Market: A Competitive Profile

Y. Datta<sup>1\*</sup>

<sup>1</sup> Professor Emeritus, Northern KY University, Highland Heights, KY 41099, USA

\* Y. Datta, Professor Emeritus, Northern KY University, Highland Heights, KY 41099, USA

Received: November 15, 2019 Accepted: November 23, 2019 Online Published: November 27, 2019

doi:10.22158/jepf.v5n4p491

URL: <http://dx.doi.org/10.22158/jepf.v5n4p491>

### **Abstract**

*This paper follows the path of six studies: the U.S. Men's Shaving Cream, the U.S. Beer; the U.S. Shampoo, the U.S. Shredded/Grated Cheese, the U.S. Refrigerated Orange Juice, and the U.S. Men's Razor-Blade markets.*

*Porter associates high market share with cost leadership strategy which is based on the idea of competing on a price that is lower than that of the competition. However, customer-perceived quality—not low cost—should be the foundation of competitive strategy, because it is far more vital to long-term competitive position and profitability than any other factor. So, a superior alternative is to offer better quality vs. the competition.*

*In most consumer markets a business seeking market share leadership should try to serve the middle class by competing in the mid-price segment; and offering quality better than that of the competition: at a price somewhat higher, to signify an image of quality, and to ensure that the strategy is both profitable and sustainable in the long run.*

*Quality, however, is a complex concept consumers generally find difficult to understand. So, they often use relative price, and a brand's reputation as a symbol of quality.*

*In 2008 sales in the U.S. were \$83 million for the Women's Razors, and \$192 million for the Women's Blades. In both markets there were two major players. In the Women's Razors market P&G's Gillette had a 58% market share, followed by Schick, a distant second, with a 31% share. Likewise, in the Women's Blade market, Gillette had a 61% share, and Schick a 35% share.*

*We tested two hypotheses: (1) That a market leader is likely to compete in the mid-price segment, and (2) That the unit price of the market leader is likely to be somewhat higher than that of the nearest competition.*

*Employing U.S. retail sales data for 2008 and 2007, we found that for 2008 the market leader in the Women's Razor market—Gillette Venus Embrace—was not a member of the mid-price segment, but the super-premium segment. Likewise, in the Women's Blade market, the market leader—Gillette Venus*

*Original (Note 1)—was part of the premium segment, not the mid-price segment.*

*Several arguments can be offered to explain this deviation: (1) There is not much competition in this market with only two major players, (2) The technology of producing Razors and Blades has become more complex and consequently more expensive, (3) Producers are now offering many more new feature—and benefits—than ever before that further raise the cost of production, and (4) For many American women, having smooth armpits and legs is an important social norm they must observe for which they are willing to pay a premium price.*

*Based on Gillette Fusion, the first men's five-blade Razor, Gillette introduced Venus Embrace, a first five-blade Razor for women. Whereas Gillette had positioned itself as a premium brand in the past, it moved up the ladder and placed Venus Embrace in the super-premium segment in 2008.*

*We also found strong support for the idea, that relative price is a strategic variable.*

*Finally, we discovered three strategic groups in the industry.*

### **Keywords**

*U.S. Women's Razor-Blade Market, cost leadership, price-quality segmentation, market-share leadership, relative price a strategic variable, strategic groups*

## **1. Introduction**

This work follows the paths of *six* studies: the U.S. Men's Shaving Cream, the U.S. Beer, the U.S. Shampoo, the U.S. Shredded/Grated Cheese, the U.S. Refrigerated Orange Juice, and the U.S. Men's Razor-Blade markets (Datta, 2012, 2017, 2018a, 2018b, 2018c, 2019). That research is based on the idea that the path to market share leadership does not lie in lower price founded in *cost leadership* strategy, as Porter (1980) suggests. Rather, it is based on the premise—according to the PIMS (Note 2) database research—that it is *customer*-perceived quality that is crucial to long-term competitive position and profitability. So, the answer to market share leadership for a business is to *differentiate* itself by offering quality that is *better* than that of the nearest competition (Datta, 2010a, 2010b, 2012, 2017, 2018a, 2018b, 2018c, 2019).

To make this idea *operational* requires two steps. The first is to determine which price-quality segment to compete in? Most consumer markets can be divided in three *basic* price-quality segments: *premium*, *mid-price*, and *economy*. These can be extended to five by adding two more: *ultra-premium* and *ultra-economy* (Datta, 1996, 2012, 2017, 2018a, 2018b, 2018c, 2019). The answer lies in serving the *middle* class by competing in the *mid-price* segment. This is the socio-economic segment that represents about 40% of households in America (Datta, 2011). It is also the segment that Procter & Gamble (P&G), a leading global consumer products company, has successfully served in the past (Datta, 2010b, 2012, 2017, 2018a, 2018b, 2018c, 2019).

### *1.1 The Strategic Importance of Price Positioning*

The second step is to position the brand at a price that is *somewhat* higher than that of the nearest competition in the *mid-price* segment. This is in accord with P&G's practice based on the idea that

although higher quality does deserve a “price premium”, it should *not* be excessive (Datta, 2010b). A higher price offers two advantages: (1) it promotes an image of quality, and (2) it ensures that the strategy is both profitable and sustainable in the long run (*ibid.*).

A classic example of price positioning is provided by General Motors (GM). In 1921 GM rationalized its product line by offering “a car for every purse and purpose”—from Chevrolet to Pontiac, to Oldsmobile, to Buick, to Cadillac. More importantly, GM positioned each car line at the *top* of its segment (Datta, 1996, 2010a, 2017, 2018a, 2018b, 2018c, 2019).

A more recent and familiar example is the *economy* chain, Motel 6, which has positioned itself as “offering the *lowest* price of any national chain”. Another example is the Fairfield Inn. When Marriott introduced this chain, it targeted it at the *economy* segment. And then it positioned it at the *top* of that segment (Datta, 1996, 2017, 2018a, 2018b, 2018c, 2019).

### 1.2 Close Link between Quality and Price

As mentioned above, *customer* perceived quality is the most important variable contributing to the long-term success of a business. However, quality cannot really be separated from the price (Datta, 1996). Quality, in general, is an intricate multi-dimensional concept that is difficult to understand. So, consumers often use *relative* price—and a brand’s reputation—as a symbol of quality (Datta, 2010b, 2012, 2017, 2018a, 2018b, 2018c, 2019).

## 2. A Brief History of Shaving by U.S. Women

### 2.1 Shaving Underarms

The history of shaving by women in America starts with *under-arm* hair. Kathy Padden (2013) suggests that our “modern-day obsession with silky-smooth armpits and legs” began in 1915 when an *ad* appeared in the upscale magazine *Harper Bazaar*, featuring a young female model in “a *sleeveless, slip-like* dress posing with both arms *over* her neck” (*italics* added).

At that time both fashion and social norms dictated that women cover themselves to the *wrist* and *ankle* (Padden, 2013), thanks to the “straight-laced” styles of the Victorian era (Komar, 2016). Since underarms had always been covered, it didn’t matter whether they were shaved or not. However, now ads were coaxing women that it was important to shave armpits to remove “objectionable” hair. Just when “the term ‘underarm’ would call for smelling salts, splashing smooth pits across magazines and encouraging women to worry about them” was a big *turning* point (Padden, 2013). This idea was promoted by the beauty industry to appeal to the timeless desire of women to be *trendy*. And this obsession finally percolated down to the middle class (*ibid.*; Komar, 2016).

Not surprisingly, this was the time when sleeveless and sheer dresses became popular among the middle-class women. The Sears and Roebuck catalog of 1922 offered the sale of women’s razors and depilatories, as well as sleeveless and sheer dresses (Padden, 2013; Komar, 2016).

At this stage the advertisers felt that they had won over women. It was no longer the question of *whether* they should shave their underarms, but rather *which* brand was the one they liked the most

(Padden, 2013).

### 2.2 *Shaving Legs*

Compared to armpits, the practice of shaving legs took a lot longer to catch on. During World War II, an iconic pin-up picture of actress Betty Grable became a fabric of American popular culture almost overnight. To emulate Betty's fabulous legs, a woman had not only to wear a short skirt *and* sheer stockings, she also had to *shave* her legs. So, not surprisingly, the women of America have been shaving their legs ever since (Padden, 2013). But, sex appeal was not the only reason smooth-shaved pin-ups inspired women to shave their legs: it was also a way to show their patriotism to boost the morale of American soldiers fighting abroad (Komar, 2016).

By 1964, surveys indicated that 98% of all American women aged 15-44 were routinely shaving their legs (Komar, 2016).

### 2.3 *What is Hair Removal Norm for Women Today?*

In a study of women in the UK, based on survey data from 678 women, British scholars Toerien and Wilkinson (2004) found that in the Western culture *hairiness* is viewed in heavily *negative* terms, as being masculine and unhygienic. In contrast, *hairlessness* is regarded as *positive*, clean and feminine. Women who do not adhere to this social norm are often subjected to criticism from relatives, friends, co-workers, and even strangers (also Matteo, 2019).

## 3. A Brief History of the U.S. Women's Razor-Blade Market

In 2008 the market leader was Gillette, a division of Procter and Gamble, with a market share of 58% in Women's Razors, and 61% in Women's Blades. A distant second was Schick, a division of the Edgewell Co., with corresponding shares of 31%, and 35%, respectively. Finally, BIC had market shares of 11% and 4%, respectively.

It was King Gillette who invented a truly revolutionary product for shaving men's facial hair in 1901: a safety razor with a *double-edge disposable* blade (Datta, 2019). In 1915 Gillette introduced the *first* safety razor for women: *Millady Decolletee*. However, this innovation did *not* work out, because women then associated shaving with masculinity (Matteo, 2019).

In 1990 Gillette launched the twin-blade Sensor for men, and Sensor Excel for men in 1993 (Datta, 2019). Following the Sensor-line for men, Gillette introduced Sensor for Women in 1992, and Sensor Excel for Women in 1996 (Davis, 2010).

### 3.1 *Gillette Launches Venus Razor for Women*

A hundred years after King Gillette invented a safety razor for men in 1901, Gillette introduced the Venus (Original) Razor in 2001: the *first* three-blade razor for Women, based on Mach 3 for Men. This is how Gillette has described this razor (Note 3):

Venus has a deep heritage within the Gillette family, this was *no* men's razor colored pink! Designed specially for the way a woman shaves, the *Venus Original* set our standard for women's razors. It navigated feminine *curves* with a *rounded, pivoting* head. It felt natural in a woman's hand, with a

*contoured*, “Soft Grip” handle. It protected against nicks and cuts with *protective* cushions. And it made short work of shaving with *individually* adjusting blades (*italics* added).

In 2004, Gillette introduced *Venus Divine* with *moisture* strips, infused with a touch of botanical oils. This was followed in 2007 by *Venus Breeze* with time-saving built-in shave *gel bars* (Note 4).

### 3.2 *Venus Embrace Razor*

In 2006 Gillette introduced *Fusion Razor*, the *first* five-blade Razor for Men (Datta, 2019). In 2008 (Note 5), Gillette launched *Venus Embrace Razor*, the *first* five-blade Razor for Women (Note 6). The launch of Venus Embrace was very successful because it raised Gillette’s overall market share of Women’s Razors from 51.8% in 2007 to 57.5% in 2008, and that of Women’s Blades from 59.5% in 2007 to 61.3% in 2008. This gain was primarily at the cost of Schick whose market share of Women’s Razors dropped for the same period from 35.7% to 31.1%, and for Women’s Blades from 38.5% to 35%.

### 3.3 *The History of Schick*

Schick was founded in 1926 by Colonel Jacob Schick. That year Schick successfully introduced a single blade safety razor system that stored 20 Blades in a steel *injector*. The Eversharp Company bought the rights to the razor in 1946. In 1970 Warner Lambert, a division of Pfizer, acquired Schick from Eversharp. In 2003 Energizer Holdings bought out Schick from Pfizer. In 2015 Schick became a member of Edgewell Personal Care Co. which was born as a result of corporate split of Energizer Holdings (Datta, 2019).

In 2003, Schick introduced its *first* three-blade Razor for Women: *Intuition*, with a built-in shaving *gel*. This launch was supported by the largest marketing launch in company history (Vranica, 2003). According to a Schick website, “Intuition is the only razor that lathers, shaves and moisturizes while you shave leaving your skin noticeably softer. No need for shave gel, soap or body wash. Just add water” (Note 7).

Another version of *Intuition* is *Intuition Plus*. It features a moisturizing solid that is “infused with pomegranate extract, so you can lather, shave and moisturize in one easy step” (Note 8).

In 2003 Schick introduced the Quattro for Men Razor, the *first* four-blade Razor for Men (Datta, 2019). Later, the company followed it up with Quattro for Women.

### 3.4 *BIC*

BIC is a family-owned company listed on the Paris Stock Exchange. It is a world leader in stationery, lighters, and shavers (Note 9). It was founded in 1944 by Marcel Bich and Edouard Buffard (Note 10).

BIC entered the Razor market in America in 1975 (Note 11).

## 4. The U.S. Women’s Razor-Blade Market—Price-Quality Segmentation Profile

This study is based on U.S. retail sales for 2008 and 2007 (Note 12). The data includes total dollar and unit sales, no-promotion dollar and unit sales, and promotion dollar and unit sales (Note 13).

The U.S. Women's Razor and Blade retail sales for 2008 were, respectively, \$83- and \$192-million. In both markets there were two major competitors. In the Women's Razor market Gillette had a 58% market share, followed by Schick, a distant second, with a 31% share. Likewise, in the Women's Blade market, Gillette had a 61% share, and Schick a 35% share.

In the Women's 2008 Blade market, the pack-sizes ranged from 2 to 10 blades, which were *led* by the four-pack at 57% of dollar sales: way ahead of other packs. So, we have focused cluster analysis on the *four-pack* (Note 14).

#### 4.1 Hierarchical Clustering as the Primary Instrument of Statistical Analysis

We have used cluster analysis as the *primary* statistical tool in this study. As suggested by Ketchen and Shook (1996), we have taken several steps to make this effort as objective as possible:

- First, this study is *not* ad-hoc, but is grounded in a theoretical framework, as laid out below.
- Second, we are fortunate that we were able to get sales data for our study for *two* years. Thus, this data provided a robust vehicle for subjecting cluster consistency and reliability to an *additional* test.
- Third, we wanted to use two different techniques—KMeans and Hierarchical—to add another layer of cluster consistency and reliability. However, we found Hierarchical cluster analysis to be superior in meeting that test. So, we did *not* consider it necessary to use the KMeans technique.

#### 4.2 Theoretical Foundation for Determining Number of Clusters—And Their Meaning

As already stated, a major purpose of this paper is to identify the market share leader and determine the price-quality segment—based on unit *price*—it is competing in.

An important question in performing cluster analysis is determining the *number* of clusters based on an *a priori* theory. Most consumer markets can be divided in three *basic* price-quality segments: *premium*, *mid-price*, and *economy*. These three basic segments can be extended to *five*: with the addition of *super-premium* and *ultra-economy* segments (Datta, 1996).

Therefore, *three* represents the *minimum* and *five* the *maximum* number of clusters (Datta, 2012, 2017, 2018a, 2018b, 2018c, 2019).

An equally crucial issue is to figure out what each cluster (e.g., *economy*, *mid-price*, and *premium*) really *means*.

Perhaps a good way to understand what each price-quality segment stands for in real life is to look at a socio-economic *lifestyle* profile of America. It reveals *six* classes (Note 15). Each class is associated with a price-quality segment typified by the retail stores where they generally shop: each a symbol of their lifestyle (Datta, 2011).

#### 4.3 Guidelines for Cluster Consistency and Reliability

In addition to laying a theoretical foundation for the *number* of clusters, we set up the following guidelines to enhance cluster consistency and reliability (Datta, 2012, 2017, 2018a, 2018b, 2018c, 2019):

- In general, there should be a *clean break* between *contiguous* clusters.

- The *anchor* clusters—the top and the bottom—should be *robust*. In a cluster-analysis project limited to a range of three to five clusters, a robust cluster is one whose membership remains constant from three- to four-, or four- to five-cluster solutions.
- Finally, we followed a step-by-step procedure to determine the optimal solution. First, we start with *three* clusters. Thus, the bottom cluster obviously becomes the *economy* segment and the top cluster the *premium* segment. Next, we go to *four* clusters, and *tentatively* call them: *economy*, *mid-price*, *premium*, and *super-premium*. Then we go to *five* clusters. If the membership of the *bottom* cluster remains unchanged from what it was in the four-cluster result, it clearly implies that the *ultra-economy* segment does *not* exist. Next, if the membership of the *top* cluster also remains the same from a four- to a five-cluster solution, then the *top* cluster becomes the *super-premium* segment. This means that even in a five-cluster solution we have only *four* price-quality segments: *economy*, *mid-price*, *premium*, and *super-premium*. It implies that either the *premium* or the *mid-price* segment consists of two *sub*-segments (see Tables 1, 2).

#### 4.3.1 External Evidence to Validate Results of Cluster Analysis

Whenever possible, we have tried to seek *external* evidence to validate the results of cluster analysis. For example, many companies identify on their websites a certain brand(s) as a *premium* or luxury brand. A case in point is that of P&G which says that its plan is to compete in all “price points:” *super-premium*, *premium*, and *mid-price* except the *economy* segment (Datta, 2010b).

#### 4.4 Testing Hypotheses

- I—That the market-share leader would be a member of the *mid-price* segment.
- II—That the market-share leader would carry a price tag that is *higher* than that of the nearest competition.

#### 4.5 Results of Cluster Analysis

##### 4.5.1 Women’s Razors

In Table 1 we present the results of 2008 Hierarchical cluster analysis for Women’s Razors that include 21 brands. However, the results do *not* support our hypothesis because the market leader, *Gillette Venus Embrace*, was a member of the *super-premium*, *not* the *mid-price* segment. Likewise, *Schick Intuition Plus*, the runner-up, was part of the *super-premium* segment, too.

Similarly, in 2007, the market leader, *Gillette Venus Breeze*, was a member of the *super-premium* segment. But, *Gillette Intuition Plus*, the runner-up, was part of the the *premium* segment.

##### 4.5.2 Women’s Blades

In Table 2 we present the results of 2008 Hierarchical cluster analysis for Women’s Bladess that include 15 brands. As we have mentioned earlier, this analysis ia based on retail sales for the *four*-pack, except for Schik Intuition Plus and Schick Intuition, both three-packs.

The market leader for 2008, *Gillette Venus (Original)*, was a part of the *premium* segment. *Schick Intuition Plus*, the runner-up, too, was a member of the *premium* segment.

For 2007, both the market leader, *Gillette Venus (Original)*, and the runner-up, *Gillette Venus Divine*,

were members of the *premium* segment.

Clearly, based on the above discussion, the results do *not* support our hypothesis that the market leader is likely to *compete* in the *mid-price* segment.

Several arguments can be offered to explain this divergence from what we have postulated in this study:

- The technology for making Women’s Razors and Blades has now become quite complex, based as it is on *three* fields: metallurgy, chemistry, and electronics, which, in turn, raises the cost of production (Datta, 2019).
- Producers are now offering many more new feature—and benefits--than ever before that further raise the cost of production.
- For many American women, having smooth armpits and legs is an important social norm they must adhere to for which they are willing to pay a premium price.

#### 4.6 Relative Price a Strategic Variable

Finally, we performed one more test to determine the consistency and reliability of the results of cluster analysis in this study. So, for Women’s Razors and Blades, we *ranked* the unit price of each brand—for both 2008 and 2007.

For both products, and for both years, all *three* measures of bivariate correlation—Pearson, and non-parametric measures Kendall’s tau<sub>b</sub>, and Spearman’s rho—were found to be *significant* at an amazing 0.01 level!

We believe these surprising results became possible only because management in the U.S. Women’s Razor-Blade market must have been treating *relative* price as a strategic variable, as we have suggested. These results are also in accord with earlier U.S. studies involving: Men’s Shaving Gel, Beer, Shampoo, Shredded/Grated Cheese, Refrigerated Orange Juice, and Men’s Razor-Blades (Datta: 2012, 2017, 2018a, 2018b, 2018c, 2019).

While the price of a brand, compared to its nearest competition, may change over time, it is *unlikely* to change much from one year to the next. This is significant not only for the market share leader, but also for every brand no matter which price-quality segment it is competing in.

#### 4.7 The Role of Promotion

For 2008 promotional sales of Women’s Razors averaged 42.4% of total retail sales (Table 3). But, Women’s Blades were discounted much less at 15.3% (Table 4) (Note 16). However, the corresponding figures were much lower for Men: 31.8%, and 11.4%, respectively, because of Gillette’s stranglehold in this market (Datta, 2019).

##### 4.7.1 Women’s Razors

In Table 3 the promotional brand data appears in *five* groups on the basis of promotional intensity. We offer the following comments to explain the highlights:

- The most notable feature of Table 3 is a “*very heavy*” discount of 62% for the *first* five-blade *Venus Embrace Razor* (VER) introduced in 2008. This move seems to have been very successful



because it propelled VER's sales to \$23.1 million in 2008: way ahead of its nearest rival Schick Intuition Plus Razor with a discount of 37% and sales of \$13.5 million.

- While most of the major razor brands of Gillette Venus and Schick are competing in the *super-premium* or *premium* segments, BIC is a part of the *mid-price* segment (Table 1). So, in order to compete with its formidable rivals, BIC has relied not only on much lower prices, but also on heavier discounts.
- The two oldest brands in the Gillette Venus line are Venus (Original) and Venus Divine. In both cases the discount for each is the *lowest* of all major brands: with a score of 11.3% and 11.9%, respectively. This is a pattern that Gillette has also followed for its men's razors and blades (Datta, 2019).

#### 4.7.2 Women's Blades

Table 4 contains the promotional brand data for 2008 that appears in *four* groups on the basis of promotional intensity. We offer the following comments to explain the highlights:

- The comments about BIC Blades are the same we have made above for BIC Razors.
- The Gillette Venus Embrace Blades have the highest discount rate of 21.4% among the major Blade brands, which led to its achieving a market share of 21.4% in its first year: behind Gillette Venus (Original), and Schick Intuition Plus.
- Like the Venus (Original) Razors discussed earlier, the *lowest* discount rates are for the oldest brands in the Venus line: 8.1% for Gillette Divine Blades (2004), and 9.5% for Gillette Venus (Original) Blades—(2001).

### 5. Has Gillette Followed the “Razor-Blade” Pricing Model?

Chris Anderson (2009) suggests that King Gillette not only invented a revolutionary razor-blade system, he also invented a *new* business model—commonly known as the “*razor-blade*” model—for businesses that sell two *related* products that work together *in-tandem*. For example, businesses like VCRs, DVD players, Xbox, e-book readers, and other products. According to this model you sell one product (Razor) at a *low* price, and then make your money by selling the other (Blade) at a *high* price (also Datta, 2019).

#### 5.1 Gillette Has Not Followed the “Razor-Blade” Model

However, Picker (2010) offers a *different* perspective. He says that, between 1904 when Gillette got the patent, and November 1921 when that patent expired, Gillette could have played the “razor-blade” strategy: low price or free Razors, and a high price for Blades. Nevertheless, Gillette did *not* play that strategy when that was the best time to do so. Instead, Gillette insisted on selling its Razor at a *high* price of \$5, and Blades at a *premium* price (Datta, 2019).

Even in more recent times going back to 1990, when Gillette introduced Sensor Razor for Men, Gillette has *not* followed that strategy. With a 90% share of the Men's Blade market—and 78% of the Razor market—in 2008, the “razor-blade” model did not make much economic sense at-all for Gillette (Datta,

2019).

### 5.2 Razors Discounted More Heavily Than Blades

Since consumers have to replace Blades *far* more often than Razors, Blades are, therefore, in essence *more* profitable than Razors. So, when a business introduces a *new* Razor-Blade model, a strong dose of discounting Razors, seems fitting to boost the sale of Blades. Thus, when Gillette introduced Fusion Razor-Blades for Men it offered a *heavy* discount on its Razors, which ranged from 42% to 54% in 2008 (Datta, 2019).

However, if a business were to continue to offer a heavy discount on Razors for a long time after introduction, one could then successfully argue that the company is pursuing the “razor-blade” model. But, that is not what Gillette has done. As a brand has matured, Gillette has reduced such discounts substantially over time. For example, in 2008 Gillette Mach 3 for Men—introduced in 1998—the market leader before Gillette Fusion, had a discount of 5.4% for Razors (Datta, 2019). Similarly, when Gillette launched the *first* five-blade Razor for Women in 2008, it offered a hefty discount of 62% for Venus Embrace Razors (Table 3). On the other hand, according to Table 3, the *oldest* Razors in the Venus line had a discount of 11.3% for Venus Original (2001), and 11.9% for Venus Divine (2004).

Finally, a look at Table 1 shows that even after a big discount of 62%, *Gillette Venus Embrace* Razor’s unit price for 2008 was \$9.46—*higher* than any other brand—a price that clearly looks quite substantial.

In conclusion, based on the foregoing arguments, it is clear that Gillette has *not* pursued the “razor-blade” model either in the Men’s Razor market, or in the Women’s Razor market.

## 6. Men’s vs. Women’s Razors

In the words of Hannam (Note 17), the “difference in the razors isn’t about dullness or the ability to cut hair close to the skin for a smoother feel”. According to Levine, a spokesperson for Gillette and Venus (Note 17), “it’s about the head, handle shape, rotation, and how it fits within the contours of the skin”. Levine (Note 17) further adds:

“The *handle* on women’s razors are very *different* from the handle on a razor for men. When you think about all the ways women have to *hold* a razor to reach those tricky spots and then add in a shaving gel or soap and water in the shower—things can get *slippery*. It’s no wonder women need a *different* kind of handle” (*italics added*).

“The razor blade *cartridge* shape on women’s razors is typically *different* from men’s razors. The *oval* shape suits women’s shaving *better* than the *square* head of a men’s razor because it fits *better* into the *curves* such as behind the knee and underarms. It helps pull the skin *taut*, so even areas like *underarms* get a close, smooth shave. The women’s razor *head* also *pivots* with *individually* adjusting blades that *flex*, so it’s easy to shave hard-to-reach spots” (*italics added*).

Color and fashion play an important role in the lives of women. Thus, Venus razor handles are designed in such a way that all Venus blades fit all Venus razor handles. So, Gillette offers a “Design your Plan” for

the Venus line which includes *eight* different razor handles: two with three colors, two with two colors, and four with a single color (Note 18).

Based on the above information, it is reasonable to infer that women must be buying many more razor handles than men! And of-course the data proves that point. The total retail sales of Women's Blades for 2008 were \$192 million: 32% of \$591 million sales for Men's Blades. Not surprisingly, however, 2008 sales of Women's Razors were \$83 million: not too far (75%) from Men's Razor sales of \$111 million (Datta, 2019).

## 7. Strategic Groups in the Women's Razor-Blade Market, 2008

We found *three* strategic groups in this market. Their market shares are as follows:

### 7.1 The Razor Market:

- Procter & Gamble Co.
  - Gillette: *Market Leader*—58%
- Edgewell Personal Care Co.
  - Schick: *Runner-up*—31%
- BIC—11%

### 7.2 The Blade Market:

- Procter & Gamble Co.
  - Gillette: *Market Leader*—61%
- Edgewell Personal Care Co.
  - Schick: *Runner-up*—35%
- BIC—4%

### 7.3 The Procter & Gamble (P&G) Co.

P&G is one of the leading consumer product companies in the world. In 2018, it had sales of \$67 Billion. Gillette is part of the *grooming* segment which accounts for 10% of its sales (Note 19).

### 7.4 Edgewell Personal Care Co.

The company was created in 2015 with a break-up of Energizer Holdings. Its annual sales for 2018 were \$2.2 Billion (Note 20).

### 7.5 BIC

The company's 2017 sales were 2 Billion Euros, or \$2.2 Billion U.S. dollars (Note 21).

**Table 1. Hierarchical Cluster Analysis: The U.S. Women's Razor Market, 2008**

Price-Quality Segment	Brand Names of Razors (21 Brands)	Upr	ClsCtr	MkSh%	Sales\$
<i>Super-Premium</i>	<b>GILLETTE VENUS EMBRACE</b>	<b>\$9.46</b>	<b>\$8.54</b>	<b>27.9%</b>	<b>\$23,111,605</b>
	GILLETTE VENUS BREEZE	\$9.13		11.6%	\$9,575,722
	GILLETTE VENUS VIBRANCE	\$8.82		3.1%	\$2,583,226
	GILLETTE VENUS DIVINE	\$8.79		8.2%	\$6,823,600
	SCHICK QUATTRO FOR WMN GO!	\$8.38		0.7%	\$604,907
	GILLETTE VENUS DIVINE PRDSE	\$8.17		0.0%	\$16,521
	SCHICK QUATTRO FOR WOMEN	\$7.81		11.7%	\$9,673,040
	<b>SCHICK INTUITION PLUS</b>	<b>\$7.74</b>		<b>16.3%</b>	<b>\$13,516,362</b>
<i>Premium</i>	SCHICK INTUITION	\$6.63	<b>\$6.63</b>	0.2%	\$182,945
<i>Mid-Price I</i>	GILLETTE VENUS PASSION	\$5.89	<b>\$5.46</b>	0.0%	\$7,266
	BIC SOLEIL SHIMMER	\$5.59		4.4%	\$3,660,944
	BIC SOLEIL	\$5.55		7.0%	\$5,762,775
	GILLETTE VENUS	\$5.43		5.2%	\$4,289,564
	NOXZEMA	\$5.15		0.0%	\$10,391
	SCHICK SILK EFFECTS PLUS	\$5.12		2.1%	\$1,730,126
<i>Mid-Price II</i>	GILLETTE VENUS SPA CLLCTN	\$4.64	<b>\$4.35</b>	0.0%	\$1,772
	GILLETTE SENSOR EXCEL WMN	\$4.34		0.0%	\$5,300
	GILLETTE SENSOR FOR WOMEN	\$4.32		0.0%	\$1,480
	PERSONNA MYSTIQUE	\$4.09		0.0%	\$1,553
<i>Economy</i>	SCHICK SILK EFFECTS CLS	\$2.47	<b>\$2.30</b>	0.0%	\$5,126
	AMERICAN SFTY CO-NBL MYQ	\$2.12		0.0%	\$1,640
	<b>Total Sales Of Women's Razors: 21 Brands</b>	<b>\$7.78</b>		<b>98.6%</b>	<b>\$81,565,864</b>
	<b>Total Sales Of Women's Razors: All Brands</b>	<b>\$7.79</b>		<b>100.0%</b>	<b>\$82,760,862</b>

**Table 2. Hierarchical Cluster Analysis: The U.S. Women's Razor Blade Market, 2008**

Price-Quality Segment	Brand Names of Blades for 2008 (15)	Upr.	ClsCtr	MkSh%	Brand Sales
<i>Super-Premium I</i>	GILLETTE VENUS EMBRACE BLADES	\$13.87	<b>\$13.87</b>	13.4%	\$25,705,436
<i>Super-Premium II</i>	GILLETTE VENUS BREEZE BLADES	\$12.07	<b>\$11.85</b>	10.8%	\$20,676,351
	GILLETTE VENUS VIBRANCE BLADES	\$11.63		3.7%	\$7,095,060
<i>Premium</i>	GILLETTE VENUS DIVINE BLADES	\$10.42	<b>\$9.66</b>	11.2%	\$21,586,831
	SCHICK INTUITION PLUS BLADES	\$9.99		17.4%	\$33,363,745
	SCHICK QUATTRO FOR WOMEN BLADES	\$9.55		13.1%	\$25,177,536
	GILLETTE VENUS BLADES	\$9.27		19.1%	\$36,627,013
	SCHICK INTUITION BLADES	\$9.05		2.3%	4,425,388

<i>Mid-Price</i>	BIC SOLEIL BLADES	\$5.55	<b>\$4.64</b>	2.7%	\$5,112,339
	BIC SOLEIL SHIMMER BLADES	\$5.50		1.1%	\$2,085,888
	PERSONNA MYSTIQUE BLADES	\$4.37		0.0%	\$608
	NOXZEMA BLADES	\$4.00		0.0%	\$1,762
	SCHICK PERSONAL TOUCH BLADES	\$3.79		0.4%	\$819,824
<i>Economy</i>	SCHICK SILK EFFECTS CLS BLADES	\$2.69	<b>\$2.37</b>	0.0%	\$8,439
	AMERICAN SFTY CO-NBL MQ BLADES	\$2.05		0.0%	\$4,117
	<b>Total Sales of Women's Blades: 15 Brands</b>	<b>\$10.06</b>		<b>95.1%</b>	<b>\$182,690,335</b>
	<b>Total Sales of Women's Blades: All Brands</b>	<b>\$10.06</b>		<b>100.0%</b>	<b>\$192,077,568</b>

Note. While the *unit price* data is based on four-packs (except for Schick Intuition and Schick Intuition Plus which are three-packs), the sales data is for *all* sizes of each brand.

**Table 3. Percentage of Promotional Sales to Total Sales for 2008: U.S. Women's Razors**

Brand Names of Women's Razors	Promo Intensity	Sales \$M	Prom%
<b>(excludes minor brands)</b>			
BIC SOLEIL RAZORS	<b>Very Heavy</b>	\$5.8	62.5%
GILLETTE VENUS EMBRACE RAZORS		\$23.1	62.3%
BIC SOLEIL SHIMMER RAZORS	<b>Heavy</b>	\$3.7	50.8%
SCHICK INTUITION PLUS RAZORS	<b>Moderate</b>	\$13.5	37.3%
SCHICK QUATTRO FOR WOMEN RAZORS		\$9.7	36.0%
GILLETTE VENUS BREEZE RAZORS		\$9.6	35.2%
GILLETTE VENUS VIBRANCE RAZORS		\$2.6	32.3%
GILLETTE VENUS DIVINE RAZORS	<b>Light</b>	\$6.8	11.9%
GILLETTE VENUS RAZORS		\$4.3	11.3%
SCHICK SILK EFFECTS PLUS RAZORS	<b>Ultra-Light</b>	\$1.7	4.9%
<b>Total Sales of All Women's Razors</b>		<b>\$82.8</b>	<b>42.4%</b>

**Table 4. Percentage of Promotional Sales to Total Sales for 2008: U.S. Women's Razor Blades**

Brand Names of Women's Razor Blades	Promo Intensity	Sales \$M	Prm%
<b>(excludes minor brands)</b>			
BIC SOLEIL RAZOR BLADES	<b>Heavy</b>	\$5.1	54.5%
BIC SOLEIL SHIMMER RAZOR BLADES		\$2.1	49.2%
GILLETTE VENUS EMBRACE RAZOR BLADES	<b>Moderate</b>	\$25.7	21.4%
SCHICK QUATTRO FOR WOMEN RAZOR BLADES		\$25.2	18.5%
SCHICK INTUITION PLUS RAZOR BLADES		\$33.4	16.1%
GILLETTE VENUS VIBRANCE RAZOR BLADES		\$7.1	15.4%

GILLETTE SENSOR EXCEL WOMEN RAZOR BLADES	<b>Light</b>	\$4.9	11.4%
GILLETTE VENUS BREEZE RAZOR BLADES		\$20.7	10.7%
SCHICK INTUITION RAZOR BLADES		\$4.4	10.4%
GILLETTE VENUS RAZOR BLADES		\$36.6	9.5%
GILLETTE VENUS DIVINE RAZOR BLADES		\$21.6	8.1%
SCHICK SILK EFFECTS PLUS RAZOR BLADES	<b>Ultra-Light</b>	\$3.4	3.1%
<b>Total Sales of All Women's Razor Blades</b>		<b>\$192.1</b>	<b>15.3%</b>

*Note.* Brand sales are for blade packs of all sizes.

## 8. Conclusion

This study is based on the idea that in most consumer markets, a business in quest of market-share leadership should try to serve the *middle* class by competing in the *mid-price* segment; and offering quality *superior* to that of the competition: at a somewhat *higher* price to connote an image of quality, and to ensure that the strategy is both profitable and sustainable in the long run. The middle class is the socio-economic segment that represents about 40% of households in America.

Quality, however, is a complex concept that consumers generally find difficult to understand. So, they often employ *relative* price and a brand's reputation as a symbol of quality.

The history of shaving by women in America starts with *under-arm* hair. At that time both fashion and social norms dictated that women cover themselves to the *wrist* and *ankle*. The modern-day obsession with silky-smooth armpits and legs began in 1915 when an *ad* appeared in the upscale magazine *Harper Bazaar*, featuring a young female model in a *sleeveless, slip-like* dress posing with both arms *over* her neck. This was the time when sleeveless and sheer dresses became popular among the middle-class women.

Since underarms had always been covered, it didn't matter whether they were shaved or not. However, now magazine ads were coaxing women that it was important to shave armpits to remove "objectionable" hair, and encouraging them to worry about them. And this was a big *turning* point.. Advertisers now felt they had won over women. It was no longer the question of *whether* they should shave their underarms, but rather *which* brand was the one they liked the most.

Compared to armpits, the practice of shaving *legs* took a lot longer to catch on. During World War II, an iconic pin-up picture of actress Betty Grable became a fabric of American popular culture almost overnight. To emulate Betty's fabulous legs, a woman had not only to wear a short skirt *and* sheer stockings, she also had to *shave* her legs. So, not surprisingly, the women of America have been shaving their legs ever since.

In 2008 the market leader was Gillette with a market share of 58% in Women's Razors, and 61% in Women's Blades. A distant second was Schick, a division of the Edgewell Co., with corresponding shares of 31%, and 35%, respectively. Finally, BIC had market shares of 11% and 4%, respectively.

It was King Gillette who invented a truly revolutionary product for shaving men's facial hair in 1901: a

safety razor with a *double-edge disposable* blade. A hundred years later, Gillette introduced the Venus (Original) Razor in 2001: the *first* three-blade razor for Women, based on Mach 3 for Men.

In 2008 Gillette launched *Venus Embrace Razor*, the *first* five-blade Razor for Women based on Fusion Razor for men.

In 2003, Schick introduced *Intuition*, its *first* three-blade Razor for Women, with a built-in shaving *gel*, which was later followed by *Intuition Plus*, and *Quattro*, the *first* four-blade Razor for Women.

In 2008 retail sales for the U.S. were \$83 million for Women's Razors, and \$192 million for Women's Blades.

We tested two hypotheses: (1) That a market leader is likely to compete in the *mid-price* segment, and (2) That the unit price of the market leader is likely to be *somewhat* higher than that of the nearest competition.

Employing U.S. retail sales data for 2008 and 2007, we found that for *both* 2008 and 2007, the market leader in the Razor market, Gillette Venus Embrace, was *not* a member of the *mid-price* segment, but the *super-premium* segment. Likewise, in the Blade market the leader, Gillette Venus (Original), was part of the *premium* segment, *not* the *mid-price* segment.

Several arguments can be offered to explain this deviation: (1) There is not much competition in this market with only two major players, (2) The technology of producing Razors and Blades has become more complex and therefore more expensive, (3) Manufacturers are now offering many more new feature—and benefits—than ever before that further raise the cost of production, and (4) For many American women, having smooth armpits and legs is an important social norm they must observe for which they are prepared to pay a *premium* price.

The Razor-Blade market has an unusual characteristic that most other markets do not have: selling two *related* products that work together in unison: for example, VCRs, DVD players, Xbox, and other products. So, one alternative to compete in such markets is to adopt the “razor-blade” model: selling one product (Razor) at a *low* price, and then making your money by selling the other product (Blade) at a *high* price.

However, Gillette has *not* pursued the “razor-blade” model either in the Men's Razor market, or in the Women's Razor market.

Finally, we found *three* strategic groups in this market. Their market shares are as follows:

#### 8.1 The Razor Market:

- Procter & Gamble Co.
- Gillette: *Market Leader*-58-%
- Edgewell Personal Care Co.
- Schick: *Runner-up*—31%
- BIC—11%

#### 8.2 The Blade Market:

- Procter & Gamble Co.

- Gillette: *Market Leader*—61%
- Edgewell Personal Care Co.
- Schick: *Runner-up*—35%
- BIC—4%

### Acknowledgements

We are immensely grateful to A.C. Nielson Co. for their extraordinary generosity for the invaluable U.S. national retail sales data of the U.S Women's Razor-Blade Market for 2008 and 2007, without which this project would not have been possible.

### References

- Anderson, C. (2009). *Free: The future of a radical price*. New York: Hyperion.
- Datta, Y. (1996). Market segmentation: An integrated framework. *Long Range Planning*, 29(6), 797-811. [https://doi.org/10.1016/S0024-6301\(97\)82817-8](https://doi.org/10.1016/S0024-6301(97)82817-8)
- Datta, Y. (2010a). A critique of Porter's cost leadership and differentiation strategies. *Chinese Business Review*, 9(4), 37-51.
- Datta, Y. (2010b). Strategic group theory: A customer-oriented view. *Chinese Business Review*, 9(7), 11-26, 36.
- Datta, Y. (2011). Rising economic inequality and class divisions in America: A socio-economic class lifestyle profile. *Oxford Journal*, 11(1), 1-25.
- Datta, Y. (2012). The U.S. men's shaving cream market: A competitive profile. *Chinese Business Review*, 11(1), 44-64.
- Datta, Y. (2017). The U.S. Beer market: A competitive profile. *Journal of Economics and Public Finance*, 3(4), 541-579. <https://doi.org/10.22158/jepf.v3n4p541>
- Datta, Y. (2018a). The U.S. Shampoo Market: A competitive profile. *Journal of Economics and Public Finance*, 4(2), 180-207. <https://doi.org/10.22158/jepf.v4n2p180>
- Datta, Y. (2018b). The U.S. Shredded/Grated Cheese market: A competitive profile. *China-USA Business Review*, 17(8), 385-401.
- Datta, Y. (2018c). The U.S. Refrigerated Orange Juice market: A competitive profile. *Journal of Economics and Public Finance*, 4(4), 389-409. <https://doi.org/10.22158/jepf.v4n4p389>
- Datta, Y. (2019). The U.S. Men's Razor-Blade market: A competitive profile. *Journal of Economics and Public Finance*, 5(3), 354-374.
- Davis, L. (2010). *Gillette: Product and marketing innovation*.
- Hannam, L. (No date). *Men's and women's razors: What is the difference?*  
<https://www.rd.com/beauty/mens-and-womens-razors-whats-the-difference/>
- Ketchen, Jr., D. J., & Shook, C. L. (1996). The application of cluster analysis in strategic management research: An analysis and critique. *Strategic Management Journal*, 17, 441-458.



- [https://doi.org/10.1002/\(SICI\)1097-0266\(199606\)17:6%3C441::AID-SMJ819%3E3.0.CO;2-G](https://doi.org/10.1002/(SICI)1097-0266(199606)17:6%3C441::AID-SMJ819%3E3.0.CO;2-G)
- Komar, M. (2016). *The sneaky, manipulative history of why women started shaving*. Retrieved from <https://www.bustle.com/articles/196747-the-sneaky-manipulative-history-of-why-women-started-shaving>
- Matteo, V. (2019). *When did women start shaving? The history of female hair removal*. Retrieved from <https://www.owlcation.com/humanities/When-Did-Women-Start-Shaving-The-Painful-History-of-Female-Depilation>
- Padden, K. (2013). *The history of shaving*. Retrieved from <http://www.todayifoundout.com/index.php/2013/04/the-history-of-shaving/>
- Picker, R. (2010). Gillette's strange history with the Razor and Blade strategy. *Harvard Business Review*.
- Porter, M. E. (1980). *Competitive strategy*. New York, N.Y.: Free Press.
- Supermarket News*. (2003). Energizer purchases Schick Razors. Retrieved from <https://www.supermarketnews.com/archive/energizer-purchases-schick-razors>
- Toerien, M., & Wilkinson, S. (2004). *Exploring the depilation norm: A qualitative questionnaire study of women's body hair removal*. Retrieved from [https://www.researchgate.net/publication/233328662\\_Exploring\\_the\\_depilation\\_norm\\_A\\_qualitative\\_questionnaire\\_study\\_of\\_women's\\_body\\_hair\\_removal](https://www.researchgate.net/publication/233328662_Exploring_the_depilation_norm_A_qualitative_questionnaire_study_of_women's_body_hair_removal)
- Vranica, S. (2003). Schick challenges Gillette with \$120 million campaign—Energizer unit increases push for women's razors with light "Intuition" touch. *Wall St. Journal*, April 3.
- Wall St. Journal*. (2005). P&G agrees to buy Gillette in a \$54 Billion sock deal. Retrieved from <https://www.wsj.com/articles/SB110693197048439468>

## Notes

Note 1. The Gillette website calls it Original Venus. <https://www.gillettevenus.com.au/en-au/about-venus-history>

Note 2. Profit Impact of Market Strategies.

Note 3. <https://www.gillettevenus.com.au/en-au/about-venus-history>

Note 4. <https://www.gillettevenus.com.au/en-au/about-venus-history>

Note 5. According to our data Venus Embrace Razor Blades recorded a small amount of sales of \$1.3 million in 2007, compared to \$25.7 million in 2008. It seems that the new brand was actually introduced toward the end of 2007, and not in 2008, as indicated in P&G's website, as per Note 4.

Note 6. <https://www.gillettevenus.com.au/en-au/about-venus-history>

Note 7. <http://www.shaving.com/ap/intuition.shtml>

Note 8. <http://www.shaving.com/ap/intuition.shtml>

Note 9. <https://us.bicworld.com/about-us/who-we-are>

Note 10. <https://us.bicworld.com/about-us/our-heritage-your-passion>

Note 11. <https://www.shopbic.com/products/razors/>

Note 12. This data is from food stores with sales of over \$2 million, and drug stores over \$ 1 million; it also includes discount stores, such as Target and K-Mart, but *excludes* Wal-Mart as well as warehouse clubs, e.g., Sam’s Club, Costco, and BJ’s. It also does not include the “dollar” stores, such as Dollar General, and others.

Note 13. For those stores for which, during a week, there were feature ads, coupon ads, display, or temporary price decrease of at least 5%.

Note 14. The *exceptions* are Schick, and Schick Intuition Plus, both a *three-pack*

Note 15. The six classes are: “The Poor”, “The Near Poor”, “Traditional Middle Class”, “The Upper-Middle Class”, “The Very Rich/The Rich”, and “The Mega Rich—Masters of the Universe”.

Note 16. The data for 2007 was, generally, comparable to 2008 for both Razors and Blades.

Note 17. <https://www.rd.com/beauty/mens-and-womens-razors-whats-the-difference/>

Note 18. [https://www.gillettevenus.com/en-us/shaving-products/womens-razors?utm\\_source=bing&utm\\_medium=cpc&utm\\_campaign=Bing\\_Brand\\_0\\_None\\_Blades\\_BMM&utm\\_term=%2Brazor%20%2Bblades%20%2Bvenus&utm\\_content=Blades\\_Blades&gclid=CPTVlrb\\_5-UCFcPJDQodx0QEYQ&gclidsrc=ds](https://www.gillettevenus.com/en-us/shaving-products/womens-razors?utm_source=bing&utm_medium=cpc&utm_campaign=Bing_Brand_0_None_Blades_BMM&utm_term=%2Brazor%20%2Bblades%20%2Bvenus&utm_content=Blades_Blades&gclid=CPTVlrb_5-UCFcPJDQodx0QEYQ&gclidsrc=ds)

Note 19. <https://www.pg.com/annualreport2018/index.html#/Financial-Highlights>

Note 20. <https://www.ir.edgewell.com/~media/Files/E/EdgeWell-IR/annual-reports/2018-annual-report-v1.pdf>

Note 21. <https://www.us.bicworld.com/about-us/who-we-are>