



April 1995. The next three years were spent in designing and producing the equipment needed to manufacture the new cartridges—most of the machinery had to be specially designed for the task. Meanwhile, product use tests with consumers were showing that the Mach3 was outperforming the SensorExcel 2 to 1 and doing even better against competitive brands. The consumer tests were also suggesting that users were fairly insensitive to price—the Mach3 tested well even at a 45 percent price premium over SensorExcel.

Gillette geared up for an April 1998 launch. In total, the Mach3 development took six years and \$750 million, about four times what the Sensor cost. Further, \$300 million was allocated for marketing worldwide in the first year, so the up-front costs broke the billion-dollar barrier. The rollout began in the United States, Canada, and Israel in July 1998, then Western Europe and part of Eastern Europe in September. The plan was to have the Mach3 available in about 100 countries by the end of 1999. To accommodate the rollout, production ramp-up was targeted to 1.2 billion cartridges per year by the end of 1998. The price point was set high (about 35 percent above the SensorExcel's price of \$1 per blade); sticker shock was reduced by putting fewer blades in each pack.

Eight years later, Gillette repeated the process with the launch of the Fusion, a five-blade system with lubricating strips on both sides and one extra trimming blade on the back. In addition to having more blades, the Fusion also placed the blades closer together in the cartridge for a close, comfortable shave, and also came in a battery-powered model (the Fusion Power) that vibrates, adding to shaving comfort.

The launch of the Fusion occurred at around the time Gillette was starting to lose market share to a key competitor, Wilkinson Sword (a division of Energizer), with its Quattro shaving system featuring four-blade cartridges. The success of the Quattro suggested that customers were willing to accept shaving systems with more than three blades and encouraged Gillette to launch the Fusion soon thereafter. In fact, Gillette never launched a four-blade system—with the Fusion, Gillette leaped over the competition and moved directly to the five-blade system.

Fusion was the first Gillette blade launched after the P&G acquisition and was an immediate success. Despite a price point about a dollar higher per cartridge than Mach 3, four million razors were sold in the first two months. An important part of the marketing support for the Fusion was an extensive, worldwide television advertising campaign featuring globally recognized athletes such as Tiger Woods, Thierry Henry, and Roger Federer. Promotional support for most regions of the world was switched entirely to the Fusion, while in a few selected markets in Asia, both Mach3 and Fusion promotions were carried out.

Nevertheless, Gillette received some criticism and skepticism at the time of the Fusion launch. A story in *Consumer Reports* found no additional performance benefits beyond what the Mach3 offered, and critics wondered why as many as five blades were needed for a good shave. Some even recalled phony, satirical TV ads on programs such as *Saturday Night Live* and *MadTV* for 20-blade systems and wondered if Gillette was going in that direction. It was also troubling to Gillette executives that, while the razors were selling well, sales of the cartridge refills were lagging. This was a real cause for concern, for two reasons. Low sales of

refills would suggest that customers viewed the Fusion as a novelty product, were not building loyalty; also, in the razor business, refills are much more profitable than the cheaply priced handles. Despite the initial skepticism, the Gillette Fusion has been a top-seller and major generator of revenue for Gillette. Based on what you see in this case, what strategic role did design play in Gillette's decision to go with "really new" replacement technology, versus making incremental design improvements in the older technology? Also, comment on the aggressive marketing and sales plans used by Gillette to support their product launches. Would you recommend they take it slower? What are the pros and cons?

