Case study Gillette

Answer 1: The companies such as Gillette target emerging markets because the developed markets are already matured. There the only method to achieve consistent growth is through the product diversification such as in case of Gillette which moved into lines such as home permanents, disposable lighters, ballpoint pens and batteries. Other than that the company could expand its business operation in developing countries where the presence of low quality products pave way for the new and high quality products sold by the multinationals. This way a new market would emerge that would help in developing business at consistent rate as expected. For instance through the expansion of business in the emerging market, Gillette was able to develop its business in 200 countries and employ the workforce of 44,000 employees. This way the company was able to secure sales at 30% in United States, 35% in Western Europe and 35% in the rest of the world. This way the business expansions in different countries bring along profits from different countries at one time. So if a business process is facing issues in one country than that could be compensated by the earnings in other country. For instance in the case when sales for Gillette products fell in Russia and other Asian countries, it was compensated by earnings in Europe and United States (Kaden, 2006).

Answer 2: The dangers to Gillette on targeting emerging markets include the coming up of the financial crisis that could affect the sales of the company and could lead to negative sales figures. For instance the financial crisis that started in Thailand that later spread across Asia affected the development of sales of Gillette Company. Therefore if a developing country proves to be a bad economy that would result in losing money for the company in the long run. For instance Gillette had high sales in Russia earlier to the financial crisis which made Russia the third largest consumer of company manufactured blades. However after the financial crisis struck the same country observed a fall in sales by 80%. This way the product was completely wiped away from the market. In addition the investments made by the company also face a setback. For instance Gillette had expansion plans for Russia and Argentina that would worth $64 million which were now at stake due to the danger caused by the slowing down of these economies. Not even that the worst danger that the company had to face in the emerging markets is the immediate fall in share prices that could result in quickly losing of huge money. For instance after the financial crisis the shares of Gillette tumbled by 36% in 6 months. As a result the company had to shut down its 14 factories and lay off 10% of its workforce (Jayachandran, 2004).

Answer 3: The appropriate marketing strategy that could be suggested for Gillette would be to apply pull marketing strategy. Instead of depending on the wholesalers and sellers in between who would compromise the sale of company products to earn extra profit, it would be better to reach out to target customers all by themselves. This can be done by sending marketing agents for door to door selling where they would keep ahead the additional benefits and gains that the customers could attain through the use of company products. Also the cutting edge advantage that the company product offers to the customers as compared to other products should be displayed. Thus the customers will continue to make demand for company products irrespective of the availability of low price and low quality products available in the market. In addition the company could apply some levels of push marketing also wherein they could introduce discounts and additional benefits along with the purchase to initiate the process of purchase by the customers. This way a mixture of pull and push marketing strategy could help in maintaining presence in the global market (Caniels & Gelderman, 2007).

Answer 4: The local, privately owned companies like Astra would like to sell out to the companies like Gillette with the purpose to maintain their presence in the business. Although these companies lose their ownership but the business continues to grow and expand under the leadership of the multinational company. The owners of the business get good money in return of selling the business and may even secure a good job position in their own sold out company. The multinational company on the other hand gets the benefit of already developed physical distribution system and other management applications within the organization. This way with the infusion of extra money and expertize the work process is improved and the old and local company is made to work like a global world class company (Bitner, 1992).

The smaller competitors are attractive to be targeted by the multinational firms because they could buy these companies easily and utilize their already developed business process for expanding their business in the new region. This way already developed business processes are utilized for spreading business of the multinational company.

Answer 5: The advantages of the pull marketing strategy would be that the target customers will be reached out personally by the company officials. They will in turn help the customers realize the cutting edge advantage offered by the company products. Hence customer loyalty and preference could both be attained through pull market strategy. In addition the mixture of pull market strategy with push market strategy would help the customers to stay informed with the latest discounts and benefits offered by the company. This way short term benefit will be that the customers will be made loyal towards company products. In the long run the company would be able to maintain its sustainability in the business. Gillette would therefore be in a position to hold on its presence in the developing countries through the application of the mixture of pull and push marketing strategy. The company will be able to achieve customer preference before other company products. The business will continue to maintain its stipulated growth levels and high returns can be expected in the long run (Azadi & Rahimzadeh, 2012).

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