On October 1, 2005, Procter & Gamble finalized its $57 billion purchase of the Gillette Company in the biggest consumer products deal ever, creating the world's largest personal care and household products company. In a speech marking the first anniversary of Gillette’s acquisition, Procter & Gamble’s chairman, president and CEO A.G. Lafley announced that he expected the Gillette Fusion brand introduced earlier that year to become a $1 billion business in global retail sales over the next few years. This would add Fusion to Procter & Gamble’s portfolio of 22 global brands, including Tide, Duracell, Folgers, and Pampers, that generate over a billion dollars in annual sales.

However, Gillette’s results for its fiscal year ending June 30, 2006 indicated that turning Fusion into a billion-dollar brand was likely to be a challenging task. Although Procter & Gamble’s results surpassed consensus estimates, some industry analysts were disappointed with Gillette’s sales growth after comparing the Fusion launch to those of MACH3 and M3Power. Thus, MACH3’s U.S. market share (excluding Wal-Mart and warehouse-club stores) rose from 6.6% in the launch quarter to 11.7% in its second full quarter. In contrast, the sales of Fusion razors and cartridges were nearly flat, measuring a 10.6% share of the total U.S. razor and blade market in the first quarter after the launch and a 10.8% share after the second quarter ending in June, despite the fact that the Fusion launch included two razors. Responding to these concerns, Mr. Lafley conceded that Gillette was “a little bit behind where we wanted to be on blade sales.” 1 He also reiterated his belief that Fusion would eventually bring in $1 billion in annual sales.

The Wet Shaving Market

The wet-shaving market included consumers using disposable razors and razors with replaceable blades, also called cartridges, in the case of multi-blade systems. In 2004, the U.S. wet-shaving market was comprised of 74 million men. At the time of its merger with Procter & Gamble, Gillette dominated the wet-shaving market with more than 70% of the global razor market. Schick (marketed as Wilkinson-Sword in Europe), which was acquired by Energizer Holdings in 2003, controlled about 20% of the market. Other companies in the wet-shaving market included the American Safety Razor Company, which manufactured private label razors and blades as well as its own branded shaving products under the Personna and Tri-Flexxx brand names.

Gillette’s dominance of the wet-shaving market can be traced back to the beginning of the twentieth century when it manufactured its first razor in 1903 (Exhibit 1). Prior to introducing the MACH3 and Fusion brands, Gillette’s more recent technological inventions included Trac II – the world's first two-blade razor (1971), Atra – the first razor to feature a pivoting head (1977), Sen-
The first razor with spring-loaded blades (1989), and SensorExcel – the first razor to include microfins on the cartridge head (1994).

Despite patent protection, competitors were quick to copy or imitate many of Gillette’s inventions, often within a year after launch. However, due in part to antitrust-law-related concerns, Gillette did not always enforce its patent rights to the full extent. Instead, Gillette traditionally focused on staying ahead of the competition by developing new technologies and products. In fact, only a year after the introducing its latest invention – SensorExcel – Gillette was already considering a new addition to its product line: a three-bladed razor.

**MACH3**

In April 1995, Gillette CEO Alfred M. Zeien presented an audacious proposal to his board of directors: a new triple-bladed razor that would require the biggest capital investment in the company’s history. The new razor would be the first and only shaving system with three progressively aligned blades to provide men with a closer shave in fewer strokes with less irritation. Its breakthrough technological features would outperform all other razors, including the current category leader, SensorExcel (Exhibit 2).

The project received a green light from the board, and four years later Gillette began the worldwide rollout of MACH3 – its revolutionary three-blade razor (Exhibit 3). MACH3 was introduced in July 1998 in the United States, Canada, and Israel, followed by introductions in nearly 100 other countries by the end of the year, making it one of the most ambitious global product launches ever attempted. Sensor, which at the time had an installed base of 400 million razor handles already sold, took five years to reach such wide distribution.

Convinced that the new razor would be an instant bestseller, Gillette set up production capacity to 1.2 billion cartridges a year. Gillette was willing to take the risk because it needed a fast payback on its substantial upfront investment: The cost of bringing the new product to market was expected to total almost $700 million (excluding marketing expenses), nearly four times what the company spent on the 1989 launch of its Sensor razor. Greater volume also translated into a lower per-unit manufacturing cost – an important factor given that the complex MACH3 cartridges cost 50% more to make than SensorExcel cartridges. The quick rollout also meant that MACH3 would help Gillette bolster its sales revenues, which had been growing sluggishly in recent years. It was also expected to help per-share earnings grow at a faster rate than the 16% average of the previous five years.

To recoup its investment, Gillette made the decision to price MACH3 cartridges 35% higher than its top-of-the-line SensorExcel cartridges, which retailed in the United States for approximately $1.20 apiece. Gillette executives estimated that, given the current shaving habits of its customers, the additional cost would be minimal – about $7 a year for the average person, although if the blade was changed weekly, the added cost would be closer to $18.

MACH3 was a technological breakthrough. Its three blades were positioned in a progressive configuration so that during the course of a single shaving stroke each blade shaved progressively closer than the one before, reducing the need to re-shave the area. In addition to its three blades, the new razor featured several other innovations, including a new method of loading cartridges and a new blade edge, applied atom by atom with chip-making technology. This edge, known as DLC – for diamond-like carbon coating – was three times stronger than stainless steel and al-
lowed Gillette to use longer lasting and much thinner blades. The new razor also included a blue lubricating strip infused with Vitamin E, designed to reduce skin irritation. The strip faded to white to alert men when they were no longer getting the optimal shaving experience. MACH3 also featured a set of soft flexible microfins – rubber strips below the blades that helped stretch the skin, smoothing the shaving surface.

Gillette’s consumer tests showed that men preferred MACH3 nearly 2-to-1 over SensorExcel, and by a bigger margin over rival products. The data also showed that an even higher price – 45% above SensorExcel – met with little consumer resistance. To address the perception of high cost, Gillette planned to market MACH3 blades in packs of four and eight, compared with five and 10 for SensorExcel.

Gillette’s promotional budget to launch the new razor exceeded the $300 million marketing budget for the first year, of which $100 million was allocated to promote MACH3 in the United States. The campaign, themed "Gillette. The Best a Man Can Get," was launched with a 15-second "teaser" spot aired in August, followed by 60-, 45- and 30-second product-focused television commercials. Radio advertising took a teaser approach as well, with a 30-second pre-launch radio spot followed by a 60-second spot introducing the product. MACH3 print advertising explained the product features in greater detail, focusing on the progressive geometry of the three blades, the new blade edge technology, and the razor's forward-pivoting action.

By early 1999, MACH3 sales displaced Sensor Excel as the No. 1 brand on the market. In fact, in the first six months, MACH3 was able to achieve a 15% market share – a level of sales that took its predecessor Sensor two years to reach. In the United States alone, MACH3 razors brought in $60 million in the first six months, compared with $15 million in Sensor sales in its first six months. Similarly, MACH3 blades generated $68 million, compared to only $20 million generated by Sensor blades in its first six months. In 2001, Gillette introduced MACH3 Cool Blue, a variation of the MACH3 razor, featuring a blue handle rather than the original black and silver.

While Gillette had set the standard for three-blade shaving in the non-disposable razor category, its main competitor, Schick, had been the early leader in the disposable side of the business. Similar to MACH3, Xtreme3 significantly raised the average price point in the disposable category. At upwards of $5.99 for a package of four, Schick’s Xtreme3 was priced at almost two times the price of the next most expensive item in the category, Gillette's Custom Plus, which was priced at $6.99 for a ten-pack. In the non-disposable segment, however, Schick adopted a different strategy, pricing its new Xtreme3, introduced in March 2002, under Gillette's MACH3 at $7.29 for the razor and $7.29 for a four-pack of refill blades. In 2003, several months after Schick’s introduction of the disposable Xtreme3, Gillette introduced the Sensor3, a high-end disposable razor, with the look and feel of a MACH3 blade.

In April 2002, Gillette rolled out the second generation of its flagship razor – MACH3 Turbo (Exhibit 4). The new razor incorporated several key enhancements, including a thinner blade edge with a proprietary anti-friction coating, extra microfins, and an enhanced lubricating strip. The design was improved as well. The gray-colored rubber fins of MACH3 were now navy blue, and the lubricating strip was changed to forest green to better fit with the packaging design of the entire product line. The complete MACH3 Turbo shaving system, which included a razor and two cartridges, was priced at $8.99, as were the four-count cartridge refill packs.

In September 2003, Schick-Wilkinson Sword launched the world’s first four-blade razor, the Quattro, which also featured pressure-adapting blades (Exhibit 6). In addition, in late 2003, Gillette introduced two new variations of MACH3 Turbo, MACH3 G-Force and MACH3 Cham-
pion. MACH3 G-Force featured a granite handle, and MACH3 Champion offered a sporty “race-car red” finish, designed to give an added feeling of high performance, smooth handling, and great speed (Exhibit 5).

By early 2004, MACH3 Turbo was the number one razor in North America and Europe. In North America, the MACH3 and MACH3 Turbo blade share grew to nearly 34% of blade category dollars, and in Europe its share grew to 37%. Since its launch in 1998, the MACH3 product line had generated more than $9 billion in worldwide consumer sales. In 2003 alone, MACH3 and MACH3 Turbo systems generated worldwide retail sales of more than $2.5 billion.

In January 2004, Gillette announced M3Power, the world’s first powered wet-shaving system (Exhibit 7). The M3Power razor, with patented micropower technology, delivered gentle pulses to the shaving cartridge that stimulated hair upward and away from the skin, making it dramatically easier to shave more thoroughly than ever before. The new razor utilized proprietary blades, which incorporated PowerGlide, Gillette’s most advanced blade technology (Exhibit 8). Shaped much like other MACH3 razors, the M3Power's handle was slightly thicker to accommodate one AAA battery. To visually differentiate it from its predecessors, M3Power razor and cartridges featured bright green accents – a color chosen for its association with high-tech devices and video games. The new design also included an orange lubricating strip with Vitamin E and aloe, which faded away to green to alert users that they were no longer getting the optimal M3 Power shaving experience. Consumer testing indicated that 55% of men in consumer tests preferred M3Power over MACH3 Turbo overall, as well as on each of the 68 shaving attributes that were tested, including closeness, comfort, efficiency, safety, and less irritation.

M3Power was also a great commercial success for Gillette. Because it was based to a large degree on Gillette’s existing 3-blade technology, M3Power did not require a significant capital investment; both razors and blades could be manufactured by modifying existing production lines for MACH3. Commercially launched in the United States in May 2004, the complete M3Power shaving system – which included a razor, two cartridges, and an AAA battery – was priced at $14.99, and a package of four cartridges was priced at $10.99.

In April 2005, fifteen months after the launch of M3Power, Gillette announced a new version: M3Power Nitro (Exhibit 9), introduced by unveiling a custom-built chopper inspired by the new razor’s design (Exhibit 10). The creation of the chopper, built by Orange County Choppers, was chronicled in two special episodes of Discovery Channel's series, "American Chopper." The new M3Power Nitro incorporated the same advanced blade and razor technologies as M3Power. The name and design of the new razor were taken from the sleek look and energy of high-performance vehicles.

**Fusion**

On September 14, 2005 Gillette announced Fusion, the world’s first five-blade razor, available in two versions: manual and power (Exhibit 11). Both razors were commercially introduced in food, drug, convenience and mass merchandise stores in North America in January 2006.

Fusion and Fusion Power were designed to appeal to men with and without facial hair. Both shaving systems featured five blades spaced 30% closer together than MACH3 blades. The addition of the two extra blades and narrowing of the inter-blade distance created a shaving surface that equally distributed the shaving force across the blades, resulting in less irritation and greater comfort. In addition to the five blades, each cartridge also included a single blade on the back of
the cartridge. This blade, trademarked by Gillette as Precision Trimmer, allowed men to easily trim sideburns, shave under the nose, and shape facial hair with greater control and accuracy. The new lubricating strip, infused with skin conditioning Vitamin E and Aloe, was designed to fade from blue to white, signaling when optimal shave conditions had been reduced and the cartridge needed to be replaced. Fusion Power also included a micro-chip designed to regulate the frequency of blade vibrations. In addition, the razor featured a low-battery indicator light signaling when the battery needed to be changed, as well as an automatic shut-off feature designed to turn the razor off after eight minutes of continuous operation in case of accidental activation.

Gillette’s research indicated that approximately half of all men in the United States have some form of facial hair – moustaches, goatees, chin straps, or soul patches. Thus, in addition to Gillette’s existing MACH3 customers who were expected to trade up, Fusion targeted the estimated 20% of men who use electric trimmers to shape their mustaches and goatees. Gillette's research also indicated that of approximately 9,000 men who tested the new razors, Fusion was preferred 2-to-1 over both MACH3 products and Schick’s Quattro. “It's like comparing a Ferrari to a Volkswagen,” Gillette’s CEO James Kilts was quoted as saying when asked to comment on the differences between Fusion and Quattro.3

"For the first time in our history, we are launching two revolutionary shaving products simultaneously," Peter Hoffman, president of Gillette’s Blades and Razors division was quoted as saying. "The Gillette Fusion brand sets a new standard in shaving technology and performance. We have high expectations that it will break the sales records previously set by Gillette MACH3."4 "Mach3 will remain No. 1 for the first few years, but Fusion will become our flagship brand," indicated James Kilts, Gillette's Chairman and CEO.5

Unlike MACH3 Turbo and M3Power, which were based on Gillette’s existing 3-blade technology and did not require a significant capital investment, the 5-blade Fusion razors required sizeable upfront investment not only for research and development but also for setting up new production lines. Because of various learning, scale, and scope efficiencies, however, the development costs for Fusion were estimated to be lower than Gillette’s investment in the development of MACH3.

Simultaneously with the launch of Fusion razors, Gillette also introduced a full line of grooming goods – the first simultaneous introduction of razors and grooming products in Gillette’s history (Exhibit 12). The new product line was expected to boost Gillette’s share in the growing men's grooming market, of which it had only about 30%. To achieve that, Gillette integrated the shave-prep products group into its beauty-care unit and made it "an extremely high priority," according to the P&G’s Chief Financial Officer Clayton C. Daley Jr.6

To speed up adoption of the new shaving system, the manual Gillette Fusion system was priced at $9.99 for a razor and two cartridges, and Fusion Power was priced at $11.99 with one cartridge and a Duracell battery. This price compared favorably with the launch price of its predecessor – M3 Power – which was originally priced at $14.99 with two cartridges and a battery (Exhibit 13). Fusion’s pricing strategy was suggested by Gillette’s prior experience with M3Power, which indicated a substantial elasticity of consumer demand to changes in price. Taking out one cartridge and lowering the price to $11.99 resulted in a 20% increase in sales volume. For cartridges, the target retail price was $11.99 for a four-pack of Fusion manual cartridges and $13.99 for a four-pack of Fusion Power cartridges.

Gillette estimated that, for the average consumer, Fusion cartridges would cost only about 20 cents a shave, or around $50 a year – a reasonable price to pay, especially when compared to prices of other everyday luxuries such as Starbucks coffee.
The launch of the new razors was supported by an extensive promotional campaign, which included print, radio, television and Internet advertising, in-store promotions, point-of-sale displays, direct mail, and free razor mailers (Exhibit 14). The 2006 Super Bowl featured two Fusion commercials by BBDO Worldwide, a unit of Omnicom Group, at a cost of more than $6 million. Gillette also used 180,000 point-of-sale displays in the very first week of launch, coverage it took its predecessor MACH3 a year to reach after its launch in 1998. The launch of Fusion was planned as a "blockbuster marketing program, absolutely huge, the biggest launch of a Gillette shaving system in history," indicated Mr. Hoffman, president of Gillette's Blades & Razors Division. "You will see Fusion absolutely everywhere you go."8

The Decision

Gillette’s marketing team identified five distinct strategies to turn Fusion into a billion-dollar brand.

The first strategy involved launching a new advertising campaign. The proponents of this option argued that Gillette had done a less than perfect job of communicating the benefits of Fusion. Indeed, the marginal benefit of the two extra blades was unclear to many consumers and was questioned by the media as well. The concept of a five-bladed razor had been subject of numerous jokes on popular shows such as The Tonight Show, Late Night, and Saturday Night Live. To address this, it was proposed that Gillette needed to better explain the benefits of its new razor to consumers rather than simply listing Fusion’s features, such as the five blades and the elastomer handle coating.

The second strategy was to lower the retail price of Fusion razors to $9.99 for the power razor and $8.99 for the manual razor. Proponents of this option argued that there was a real danger that Gillette might have “priced itself out of the market.” In fact, some retailers already had been aggressively lowering prices on Fusion razors. For example, prior to Father's Day, CVS, the second largest retailer of razors and blades after Wal-Mart, offered customers buying a Fusion system a $6 credit for any other purchase in its stores. According to Mike Bloom, senior vice-president of merchandising at CVS, "pushing handle sales is the key to success."9

The third strategy was to lower the retail price of Fusion cartridges by 20%. This approach was suggested by a recent consumer survey indicating that 64% of men look at the price of blades before buying the handle. Additional data suggested that a 20% decrease in cartridge prices was likely to greatly accelerate the speed of consumer conversion from MACH3 products to Fusion.

The fourth strategy involved replacing the current packages containing four cartridges with similarly designed but slightly smaller packages, each containing three cartridges. The new three-packs would have a suggested retail price of $11.25 for the manual razor and $12.75 for the power razor. The likely average retail prices in this case would be $8.99 and $10.49, respectively. The goal of this approach was to lower the perceived price of the cartridge packs while preserving the cartridge unit price. Proponents argued that this strategy had been successfully used during the MACH 3 introduction, when Gillette reduced the number of cartridges from five to four.

The fifth strategy was to stay on course without taking any drastic actions until more conclusive data were available. The proponents of this view argued that comparing the changes in Fusion’s share of the total U.S. razor and blade market was an incorrect benchmark. The crux of the argument was that because both disposable razors and women's razors had gained a much bigger share of the overall razor market in recent years, gains in Fusion's overall share should not be compared...
against the total razor and blade market (as was the case with MACH3). Indeed, Fusion’s overall share of the market should be compared with the male nondisposable portion of the market. In this context, Fusion had gained 25% of the male systems market in the United States and Canada. Furthermore, Fusion and MACH3 combined held 75% of this market — a 7% increase over Gillette’s share prior to the introduction of Fusion. This was argued to be a clear indication of the success of Gillette’s strategy.

The recommendations were much more diverse than everyone expected and now the question was which strategy (or strategies) would best position Fusion to achieve its strategic goal.

Notes

1 Berner, Robert and William Symonds (August 2, 2006), "Gillette's Lost Edge?," BusinessWeek Online.
2 Type of motorcycle that was radically customized to meet the owner's preferences.
9 Berner, Robert and William Symonds (August 2, 2006), "Gillette's Lost Edge?," BusinessWeek Online.
Exhibit 1: Gillette Company Milestones

1901 King C. Gillette invents the safety razor with disposable blades.
1903 Gillette manufactures the first safety razor. By year’s end, Gillette sells 51 razor sets and 168 blades.
1904 Gillette receives the first U.S. patent on the safety razor and sales soar to 90,000 razors and 12 million blades.
1915 Gillette introduces the first women’s razor: Milady Décolletée.
1932 Gillette introduces the Gillette Blue Blade.
1938 Gillette introduces the Gillette Thin Blade.
1946 Gillette introduces the first blade dispenser – the Gillette Blue Blade Dispenser – and eliminates the need to unwrap blades.
1957 Gillette introduces an adjustable razor with three settings – for light, medium and heavy beards.
1960 Gillette introduces the Super Blue Blade featuring a silicone coating.
1969 Gillette introduces platinum chromium coating of blades, designed to enhance corrosion resistance.
1971 Gillette introduces Trac II, the first twin-blade shaving system.
1975 Gillette Daisy, the first disposable razor for women, hits store shelves.
1976 Gillette introduces Good News!, the first twin-blade disposable razor for men.
1977 Gillette introduces Atra, the first razor with a pivoting head.
1985 Gillette introduces the first razor with a lubricating strip – Atra Plus.
1986 Gillette introduces the first disposable razor with a lubricating strip – Good News! Plus.
1989 Gillette introduces Sensor, the first razor with spring-mounted twin blades.
1992 Gillette introduces Sensor for Women with an ergonomically-designed handle.
1992 Gillette launches Gillette Series with its signature Cool Wave fragrance.
1994 Gillette introduces SensorExcel, featuring five flexible microfins for a closer shave.
1994 Gillette introduces the Wild Rain fragrance to the Gillette Series line of products.
1996 Gillette introduces SensorExcel for Women.
1996 Gillette adds Pacific Light to the line of Gillette Series products.
1998 Gillette’s MACH3 shaving system, the first triple-blade shaving system, “breaks the performance barrier.”
2000 Arctic Ice/Peak becomes the fourth fragrance in the Gillette Series male toiletries line.
2000 Gillette introduces Gillette for Women Venus, a pioneering triple-blade shaving system designed specifically for women.
2001 Gillette expands the MACH3 line with the introduction of MACH3 Cool Blue, featuring a blue handle.
2002 Gillette introduces MACH3Turbo, featuring new blade-edge technology designed to deliver a close and comfortable shave with less irritation, even when shaving against the grain.
2003 Gillette expands the MACH3Turbo line with the introductions of MACH3Turbo G-FORCE with a granite handle and MACH3Turbo Champion in race-car red.
2003 Gillette introduces the Passion Venus pink razor and the Venus Spa Collection in three spa-themed colors.
2003 Gillette introduces the premium triple-bladed Sensor3 disposable razor to the Sensor family of razors.
2004 Gillette introduces Venus Divine, the newest triple-bladed, high-performing shaving system for women.
2004 Gillette introduces M3Power – the first micro-powered wet-shaving system for men.
2004 Gillette introduces the Sensor3 refillable triple-bladed shaving system to the Sensor family of razors.
2004 Gillette introduces Gillette Complete Skincare, a premium skincare line designed specifically for men.
2004 Gillette introduces Venus Vibrance, the first powered wet-shaving system for women.
2005 Gillette expands the M3Power line with the introduction of M3Power Nitro, inspired by high-performance vehicles.
2005 Gillette introduces MACH3 Comfort Gel, a shave gel with anti-friction properties.
2006 Gillette launches the new Gillette Fusion brand in manual and power versions.

Source: Gillette Company, 2006
Exhibit 2: Gillette SensorExcel

Exhibit 3: Gillette MACH3

Exhibit 4: MACH3 Turbo
Exhibit 5: Gillette MACH3 Cool Blue, and Gillette MACH3 Turbo G-Force and Champion

Exhibit 6: Schick Quattro

Exhibit 7: Gillette M3Power
**Exhibit 8: Gillette M3Power Comparison Chart**

**Compare the features of M3POWER™, MACH3® Turbo and MACH3®**

<table>
<thead>
<tr>
<th>Feature</th>
<th>M3POWER</th>
<th>MACH3 Turbo</th>
<th>MACH3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Battery power (delivers micro-pulses)</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Three progressively-aligned blades</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Microfins</td>
<td>10</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Indicator® lubricating strip</td>
<td></td>
<td><em>More lubrication</em></td>
<td>✓</td>
</tr>
<tr>
<td>Open cartridge design</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Forward-pivoting cartridge head</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Single-point loading</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Ergonomic handle</td>
<td>Redesigned</td>
<td>Redesigned</td>
<td>✓</td>
</tr>
</tbody>
</table>

*compared to the original MACH3

**Exhibit 9: Gillette M3Power Nitro**

**Exhibit 10: Gillette M3Power Nitro Chopper by Orange County Choppers**
### Exhibit 11: Gillette Fusion Manual and Fusion Power

<table>
<thead>
<tr>
<th>Cartridge design</th>
<th>Gillette Fusion Manual Razor</th>
<th>Gillette Fusion Power Razor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Features</strong></td>
<td>Five-blade shaving surface</td>
<td>Five-blade shaving surface</td>
</tr>
<tr>
<td></td>
<td>Precision Trimmer for sideburns and hard-to-reach areas</td>
<td>Precision Trimmer for sideburns and hard-to-reach areas</td>
</tr>
<tr>
<td></td>
<td>Ergonomic razor handle with elastomer coating</td>
<td>Ergonomic razor handle with elastomer coating</td>
</tr>
<tr>
<td></td>
<td>Enhanced indicator Lubrastrip signals when it's time to change the blade</td>
<td>Enhanced indicator Lubrastrip signals when it's time to change the blade</td>
</tr>
<tr>
<td></td>
<td>On-board microchip optimizes the razor's performance</td>
<td></td>
</tr>
</tbody>
</table>

### Packaging

<table>
<thead>
<tr>
<th>MSRP</th>
<th>$11.99 (Gillette Fusion Razor)</th>
<th>$13.99 (Gillette Fusion Power Razor)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average retail price</td>
<td>$9.99 (Gillette Fusion Razor)</td>
<td>$11.99 (Gillette Fusion Power Razor)</td>
</tr>
</tbody>
</table>
Exhibit 12: Gillette Fusion Gel Series

Exhibit 13: Gillette Razor Development Milestones

<table>
<thead>
<tr>
<th>Year</th>
<th>Product</th>
<th>Blades</th>
<th>Positioning</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1903</td>
<td>Original Razor</td>
<td>Single blade</td>
<td>“Will hold its edge for 20 or 30 shaves”</td>
<td>$0.05</td>
</tr>
<tr>
<td>1971</td>
<td>Trac II</td>
<td>Two blades</td>
<td>“Two blades are better than one”</td>
<td>$0.20</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>($1.30)</td>
</tr>
<tr>
<td>1990</td>
<td>Sensor</td>
<td>Spring-mounted blades</td>
<td>“Can sense and adjust to the contours of your face”</td>
<td>$0.79</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>($1.80)</td>
</tr>
<tr>
<td>1995</td>
<td>SensorExcel</td>
<td>Two blades + 5 microfins</td>
<td>“The closest, most comfortable twin blade shave.”</td>
<td>$1.20</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>($1.80)</td>
</tr>
<tr>
<td>1998</td>
<td>MACH3</td>
<td>Three blades</td>
<td>“You take one stroke, it takes three”</td>
<td>$1.62</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>($2.25)</td>
</tr>
<tr>
<td>2002</td>
<td>MACH3 Turbo</td>
<td>Three blades + 10 microfins</td>
<td>“The next generation triple-blade razor for the closest shave with less irritation—even when shaving against the grain.”</td>
<td>$2.25</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>($2.42)</td>
</tr>
<tr>
<td>2004</td>
<td>M3Power</td>
<td>Three blades + power</td>
<td>“World’s best shave”</td>
<td>$2.75</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>($3.00)</td>
</tr>
<tr>
<td>2006</td>
<td>Fusion Manual</td>
<td>Five blades + trimmer</td>
<td>“The comfort of five blades, the precision of one”</td>
<td>$3.75</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>($3.00)</td>
</tr>
<tr>
<td>2006</td>
<td>Fusion Power</td>
<td>Five blades + trimmer + power</td>
<td>“The comfort of five blades, the precision of one”</td>
<td>$4.25</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>($3.50)</td>
</tr>
</tbody>
</table>

Note: The prices shown are the MSRP per cartridge at the time of launch; average 2006 retail prices are given in parentheses.

Exhibit 14: Gillette Fusion Free Sample Mailer