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To cite this version:
Philippe Jourdan, Damien de Ponthaud. Capitalizing TM: optimization of the strategic and tactical choices that characterizes the launch of a key product - Gillette’s M3Power case. ESOMAR, 2006, Londres, United Kingdom. hal-01134349

HAL Id: hal-01134349
https://hal.science/hal-01134349
Submitted on 23 Mar 2015

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Capitalizing™: optimization of the strategic and tactical choices that characterizes the launch of a key product

Gillette’s M3Power case

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Capitalizing™: optimization of the strategic and tactical choices that characterizes the launch of a key product

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1) INTRODUCTION

This article details a practical example of Capitalizing™, a research tool with an innovative method that allows estimating the brand’s contribution to the market share and to the price of a product (or service). This application has been implemented for Gillette on the occasion of M3Power’s product launch (a razor with a battery-powered shaving system).

First of all, the conceptual environment of Capitalizing will be reminded. Then, the objectives assigned to Gillette case study will be presented with the questioning method and the final results. We will conclude with the method’s strengths and its contribution to the brand equity management.

2) CONCEPTUAL MODEL

The presented methodology is supported by a conceptual model of brand equity explanation based on the cognitive relationships established by a consumer between intrinsic (or physical) and extrinsic (or peripheral) attributes of the product, the brand being one of the latest. In concrete terms, the brand conveys (cognitive or affective) information that completes or substitutes for the information delivered by the product (or service). This informational value estimated by an experimentation based on conjoint analysis, constitutes brand equity. More precisely, when a consumer has to assess a product or service offer on these characteristics only, the brand exerts three main effects on his choice process:

(1) - A halo effect: in marketing, this effect describes the consumer’s natural tendency to overestimate or underestimate the characteristics of a product because of his opinion on the brand. In concrete terms, someone who has a good opinion of Gillette brand is likely to overestimate the new razor’s attributes. The halo effect is stronger when the consumer only has incomplete information to compare several products (Alba and Hutchinson, 1987 (2); Murphy and alii, 1993 (11)) and especially when his evaluation criteria can be really subjective (Holbrook and Huber, 1979 (6); Adaval, 2001 (4)). Thus, Gillette’s halo effect will be all the more pronounced on Mach 3 Power’s innovative characteristics (micro-pulsations) since its modus operandi was not well-known when the product was launched whereas Gillette brand could take advantage from its strong awareness.

(2) - An inferential effect: in marketing, the inference means that the consumer makes a causal relation between the values of several attributes. Contrary to reasoning, inference doesn’t imply any mediation. Its usual characteristic is immediacy. In marketing, Broniarczyk and Alba (1994) (5) have identified two different kinds of inference. The first kind of inference, qualified as “empirical” (“data-driven”) includes methods based on the assessment of a disclosed criterion (number of blades, for instance) in order to estimate the value of a strongly correlated hidden attribute (shaving’s precision for
instance). The second kind of inference called speculations (“theories”) rather results of the application of spontaneous rules whose activation is partly linked to the individual’s intuition capacity: hence in the user’s mind, Gillette is a high tech shaving brand. In fact, M3Power’s micro-pulsation benefits from a favourable a priori regarding the assessment of its functional quality.

(3) - A heuristic effect: a heuristic is a simplified process of decisional treatment (Kahneman and alii, 1998 (10); Pearl, 1990 (13)), with a reliability that is sometimes uncertain (Pham, 1996 (15)). Heuristic opinion can be compared to a cognitive “short cut” that replaces a more elaborated activity by simple rules of evaluation and decision. Three factors alleviate heuristic judgments. First of all, the quantity and quality of information that the consumer can use (Aassel, 1987 (1)). The second factor includes personality’s characteristics such as the analytic or global understanding (Pinson, 1986 (16)). The third factor concerns the context of evaluation and the implication level of each individual towards the product or the service (Alba and Marmorstein, 1987 (3)). Thus, a purchaser who is not very implied in the shaving, and without much information for comparing brands, is all the more likely to use the brand as a decision criteria since he doesn’t have much time to make his purchase. This behaviour is particularly observed (but not only) amongst the purchasers of bottom-of-the-range razors with blade refill.

Gillette brand’s exerts the three aforementioned effects on a razors’ choice process. Joined together, those three effects constitute brand equity, which is summed-up by Swait and alii (1993) (17) in these terms: “brand alleviates the risk perceived by the subject and the information’s cost of acquisition, which in return justifies a utility differential linked to the brand and not explained by the attributes of the product”.

Having recourse to conjoint analysis and experimental design (“test-retest”) allows the isolation of brand equity (Jourdan, 2001 (8)). Actually, brand equity is made of two dimensions. Its first component conveys the brand’s impact on the perception of the product’s characteristics and incorporates the halo and inference effects. Its second component expresses the brand’s direct influence on the formulation of a preference or the expression of a choice, which is expressed by the heuristic effect.

Splitting the overall brand equity (OBE) into two distinct factors, the attribute-based brand equity (ABE) and the non attribute-based brand equity (NBE), improves the multi-attribute preference models’ predictions (Srinivasan, 1979 (18); Park and Srinivasan, 1994 (12)) and thus the operational potential of the calculated indicators (Jourdan, 2001 (8)). The overall brand equity (OBE) is the preference differential between the razor associated with the brand and the same razor without the brand. The attribute-based brand equity (ABE) is measured by the influence (distortion) engendered by the brand awareness upon the objective assessment of the razor’s characteristics. The non attribute-based brand equity (NBE) measures the part of residual preference that is not explained by the product’s characteristics (named “particular effect of the brand” by Srinivsan, 1979 (18)). Consequently, the overall brand equity (OBE) is the addition of the attribute-based brand equity (ABE) and the non attribute-based brand equity (NBE) (cf. figure 1). The relative weight of the OBE’s two dimensions allows the construction of a brand profile and consequently the optimization of marketing and communication strategy: brands with ABE superior to NBE benefit from a strong legitimacy in their original product category (Jourdan, 1999 (7)). Inversely, brands with pre-eminent NBE can more easily develop their activity to other product categories.
In order to have an operational measure, a simple transformation of the utilities (named “metric dollars” by Pessemier and alii, 1971) allows the expression of brand equity’s dimensions into monetary units. With this formulation, brand equity differential between two brands A and B represents the price differential that the subject is ready to accept in order to get A instead of B.

A Probit model, based on Nielsen Panel’s data, uses the utilities in order to estimate each razor’s market share and consequently the contribution of each dimension (OBE, ABE and NBE) to this market share. As data have also been collected for a store brand’s razor (Carrefour), this brand can be used as a pivot in order to express the market share engendered by Gillette brand equity. Consequently, Gillette’s attribute based brand equity is the differential between the market shares that a razor marketed as Gillette can aim in comparison with the same razor (as expensive) marketed as Carrefour. This reasoning applied to the market share differential can be generalized to price differential: the overvalue attached to Gillette brand is the price difference that a Gillette razor can aim in comparison with the same razor marketed as Carrefour brand in order to reach the same market share.

Capitalizing™’s methodology allows the expression of Gillette’s brand equity into two operational indicators that are easily interpretable. The first indicator equals the surplus in Euros engendered by the brand equity differential between Gillette and a store brand, considering the same comparable razors’ sales volume (“market share premium”). The second equals sales volume differential between the two same brands with an identical razor sold at the same price (“price premium”).

3) CONTEXT AND OBJECTIVE OF THE STUDY

During the first semester of 2005, Gillette launched on the French market a new razor with blades refill combined with a micro-pulsations head. M3Power is an up-market razor with high technologic added value. Thanks to its vibratory mechanism and to its new generation’s blades, M3Power allows a more precise and more comfortable shaving. This razor, which combines mechanical shaving’s suppleness with electric shaving’s precision, is an innovation that is in break with a market where the dominating tendency consists of an increasing
number of blades (1, 2, 3 and even 4 blades now) whereas M3Power aims at valorising other choice criteria.

On the occasion of this launch, Gillette asked for a modelling and market forecast tool, in order to anticipate the major strategic and tactical decisions. Three main objectives have been assigned to this model:

(1) - To have a relevant segmentation based on expectations and uses, in order to position M3Power and more generally Gillette brand, in comparison with its major competitors (Wilkinson and store brands), and then to use the brand variable as a lever for optimizing its marketing mix.

(2) - To simplify and make the measure of Gillette’s brand equity more operational by adopting a definition based on marketing’s usual criteria, i.e. market share and price. This is why the model compares Gillette razor’s performance with a comparable razor marketed as Private Label (or the razor with the lowest brand equity).

(3) - To settle a market shares forecast model, in order to simulate the respective contributions of the razors’ characteristics and the brand to the selling objectives. Four comparable razors have been studied: Excel Sensor (value for money razor with two blades), Gil Plus, Mach3 and M3Power.

4) EXPERIMENTAL METHODOLOGY

Three data collections have been led amongst the purchasers of mechanical razors with blades refill. Those purchasers come from an online access panel (Panel On The Web). Recourse to an online data collect was justified by he target’s general public profile (men between 19 and 54), the necessity of associating visuals with each razor’s characteristics, and the questionnaire’s duration.

The first data collect implied 5 branded razors, before M3Power’s launch. The second data collect implied 4 branded razors and 1 store brand. The third data collect implied 5 branded razors, after M3Power’s launch. This experimental “before after” kind of system has allowed to isolate the impact of Mach 3’s launch on the hierarchy of the existing branded razors. It also brought a referent measure of store brand’s razor.

The questionnaire was composed of 3 different parts. In the first part, the subject, a man between 18 and 54 who uses a razor with blades refill, had to rank various criteria according to their perceived utility. In the second part, the subject had to assess the characteristics of several described razors before ranking them according to his purchase preferences. In the third part, the subject had to make the same assessment and ranking, but was this time exposed to branded razors. In order to quantify a possible interaction between the product’s visual and the brand, the sample was randomly divided into two cells: one half evaluated each razor considering its characteristics, its visual and its brand, while the other half’s evaluation was based only on each razor’s characteristics and brand.

Each respondent firstly evaluated the importance of the product’s characteristics and then each razor on each one of these characteristics. The selection of the characteristics was based on decisiveness and included: presence of a lubricating strip, spring mounted blades or not, number of blades, head’s surface, handle’s ergonomics, razor’s style, razor’s colour and Battery-Powered or not.
A first analysis of the variance reveals that the respective impacts of the visual and the interaction between visual and brand are not important compared with the brand effect (only slightly significant on two characteristics: razor’s style and handle’s ergonomics). Thus the third step’s data are merged on the two subpopulations and we won’t make any distinction between brand impact and brand plus visual’s conjoint impact, which constitutes Gillette’s brand equity.

5)- GILLETTE’S BRAND EQUITY: A KEY MARKETING MIX VARIABLE

Reading the first results leads to draw three main conclusions. First conclusion, Gillette’s overall brand equity (OBE) closely depends on the kind of razor studied. Second conclusion, the lever effect as measured by the attribute-based brand equity (ABE) is heterogeneous from one choice criterion to another. Third conclusion, Gillette’s overall brand equity (OBE) varies according to the considered market segment. These results emphasize the interest of an operational and tactical brand management in order to optimize its marketing mix (in addition to a strategic and institutional consideration).

A)- BRAND’S IMPACT ACCORDING TO THE DIFFERENT TYPES OF RAZORS WITHIN GILLETTE’S RANGE

The first conclusion concerns the differentiated impact Gillette brand has on each razor’s preference depending upon the type of razor selected within the range. Four Gillette razors have been studied, including two down-market razors (GII Plus and Sensor Excel), one middle-market razor (Mach 3) and one up-market razor (M3Power). GII Plus and Sensor Excel razors have two blades, Mach 3 has 3 blades combined with springs and a swivelling head, and M3Power is an innovative razor with a micro-pulsations mechanism.

Table 1 shows that the utility attached to a brand differs from one razor to another. In particular, Gillette’s overall brand equity is high when we consider the up-market (Mach3) and innovative razors (M3Power) but nil (or even negative) when we consider the down-market or more ancient razors (GII Plus and Sensor Excel). In other terms, considering the most innovative razors (Mach3 and M3Power), brand’s impact on preference (and consequently market share) is positive. On the contrary, a down-market razor without any real differentiation (GII Plus) doesn’t seem to benefit from being marketed as Gillette. This conclusion pleads for its progressive suppression from the range or the use of another brand in order to market this product.

Table n°1: Gillette’ impact on the preference for one of the 4 considered razors.

<table>
<thead>
<tr>
<th>Gillette models</th>
<th>Index without brand</th>
<th>Index with brand</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>GII Plus</td>
<td>+100</td>
<td>+82</td>
<td>-18.0%</td>
</tr>
<tr>
<td>Sensor Excel</td>
<td>+237</td>
<td>+237</td>
<td>+0.0%</td>
</tr>
<tr>
<td>Mach 3</td>
<td>+300</td>
<td>+328</td>
<td>+9.3%</td>
</tr>
<tr>
<td>M3Power</td>
<td>+298</td>
<td>+334</td>
<td>+12.1%</td>
</tr>
</tbody>
</table>

(*) In order to preserve data privacy, utilities have been converted into indexes (index=100 for the least appreciated razor)
To sum up, there is a strong relation between Gillette’s brand equity and its innovation ability, both being interdependent. These first results underline the fact that Gillette’s brand equity is mainly based on its technological innovation, which serves an upper-quality shaving.

**B) BRAND’S IMPACT ACCORDING TO RAZORS’ CHOICE CRITERIA**

Gillette’s brand equity, measured by selecting preference as a dependant variable, can be studied in details, considering razors’ selection criteria. Table 2 compares Gillette and Wilkinson’s respective brand impact on the selection criteria of two comparable razors: M3Power and Quatto.

**Table n°2: Gillette and Wilkinson’s respective impacts on the assessment of various choice criteria.**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Gillette’s M3Power</th>
<th>Wilkinson’s Quattro</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Index without brand</td>
<td>Index with brand</td>
</tr>
<tr>
<td>Razor’s allure</td>
<td>97</td>
<td>101</td>
</tr>
<tr>
<td>Number of blades</td>
<td>106</td>
<td>107</td>
</tr>
<tr>
<td>Handle’s ergonomics</td>
<td>103</td>
<td>103</td>
</tr>
<tr>
<td>Colour</td>
<td>86</td>
<td>95</td>
</tr>
<tr>
<td>Head’s surface</td>
<td>110</td>
<td>112</td>
</tr>
</tbody>
</table>

(*) In order to preserve data privacy, utilities have been converted into relative indexes (index 100= mean of all criteria)

Table 2 underlines Gillette brand positive and important effect on the assessment of M3Power’s choice criteria. When the brand is disclosed, the razor’s aestheticism (style and colour) gets the most pronounced halo effect. On the contrary, number of blades, head’s surface and handle’s ergonomics mostly keep the same evaluation, which means that the brand equity’s influence is slight or even non-existent on these criteria. Considering the two first criteria (number of blades and head’s surface), we must admit that their objectiveness doesn’t really allow a subjective appreciation influenced by brand equity.

On the contrary, Wilkinson’s brand equity seems to penalize the subjective perception of Quattro’s aestheticism (colour) and the assessment of its head’s surface comfort. Quattro’s increasing number of blades and the austere grey colour, which is the brand’s signature, engenders a negative halo effect here.

The first results indicate that Gillette’s brand equity must not be studied and managed in a global way but rather by considering each razor of the range independently. Moreover, the brand lever on the choice of a razor varies from one examined criterion to another: this impact is at its maximum when the criterion is strongly correlated to an image dimension that is closely linked to the brand. Concerning Gillette, beyond the image of highly evolved technology conveyed by the brand and M3Power, aestheticism (style and colour) represents a legitimate and differentiating communication axis.
C)-GILLETTE BRAND’S IMPACT ACCORDING TO THE SEGMENTS OF USERS

The first results show that Gillette’s brand equity differs from one type of razor to another (cf. table 1) and that its product component, revealed by halo and inference effects, is more visible on certain characteristics than on others (cf. table 2). At this stage, we have the premonition that the brand and product’s management has to be coordinated in order to optimize the brands and products portfolio. The results of a typology based on the expected benefits also lead to this premonition.

A typology is conducted on the assessed importance of choice criteria. A qualification on uses variables completes the obtained profiles. A subsequent discriminant analysis is then led in order to identify the main structuring dimensions. In the end, the market is characterized by three main expectations that discriminate three groups of users (cf. table 3):

1. The first segment is looking for a simple razor, as cheap as possible, and is less interest to the shaving’s precision and comfort. Most often, the men from this segment exclusively use a manual razor with blades refill and hardly ever replace their blades and razor. On this segment, Carrefour and Gillette GII get the highest overall brand equity (OBE). Except for the number of blades (3 for Carrefour and 2 for Gillette GII), the two razors have comparable characteristics and close brand equity, which leads to the delicate question of their substitutability.

2. The second segment is valorising the shaving’s precision and comfort by emphasizing the razor’s mechanical performance: the razor’s blades support with a spring, the wide and mobile head, and the lubricating plate. Gillette’s M3Power and Wilkinson’s Xtreme are the two preferred razors, but M3Power’s overall brand equity (OBE) is higher and can use this strength to challenge or overtake its rival.

3. The third segment is sensitive to the razor’s technological innovation and aestheticism. Purchasers are sensitive to the razor’s colour and style, and also to the handle’s ergonomics. They strongly valorise M3Power’s micro-pulsations vibratory mechanism and almost 70% of them are using an electric razor in addition. M3Power and Quattro are still the two preferred razors, but here Gillette’s new overall brand equity (OBE) is higher than Wilkinson’s.

An overview of the results reveals the operational interest of measuring the competitors’ brand equity within each segment. Taking into account this hardly-ever quantified marketing variable makes the decision-making clearer. Several recommendations can be formulated:

(1) - Among the segment looking for the cheapest price, Gillette’s brand equity associated to GII is not important enough to compete with store brands (indicator 97 versus 86 for Carrefour). A seducing alternative could be to market GII as a store brand. This strategy could for instance bring more potential resources to the marketing of Mach 3, which still benefits from a high brand equity on that segment.

(2) - On the contrary, among the segment that prioritizes shaving’s precision and comfort, communicating on Gillette’s image would be an efficient lever in order to
strengthen M3’s attractiveness compared with its competitor Wilkinson’s Xtreme. In fact, the two razors get a similar evaluation when brand’s impact is not taken into account, but Gillette’s overall brand equity (OBE) is higher on that segment. It is also among this segment that Wilkinson Xtreme has the highest brand equity. This conclusion is consistent with Wilkinson’s brand image: appreciated for the quality of its blades rather than its model’s aestheticism and technology.

(3) - Considering the last segment, which is sensitive to the razor’s aestheticism and technology, M3Power’s communication can use two efficient levers: technological innovation, as conveyed by the micro-pulsations vibratory mechanism, and Gillette brand’s reputation and image, as revealed by the important brand equity (the other brands are recessed).

Table n°3: brand equity after segmentation according to the expected benefits.

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Mechanical performance</th>
<th>Aestheticism and innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred razor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Price</td>
<td>– Lubricating plate</td>
<td>– Micro pulsations</td>
</tr>
<tr>
<td>– Carrefour</td>
<td>– Wide mobile head</td>
<td>– Razor’s colour</td>
</tr>
<tr>
<td>– Gillette GII</td>
<td>– Blades on springs</td>
<td>– Ergonomic form</td>
</tr>
<tr>
<td>– Wilkinson’s Xtreme</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall brand equity (OBE) (*)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Mach 3 (134)</td>
<td>– Gillette’s M3Power (143)</td>
<td>– Gillette’s M3Power (125)</td>
</tr>
<tr>
<td>– GIll’s Gillette (97)</td>
<td>– Wilkinson’s Xtreme (123)</td>
<td>– Wilkinson’s Xtreme (97)</td>
</tr>
<tr>
<td>– Carrefour (86)</td>
<td>– Gillette’s Mach 3 (112)</td>
<td>– Gillette’s Mach 3 (95)</td>
</tr>
<tr>
<td>– Wilkinson’s Xtreme (83)</td>
<td>– Gillettes Sensor XLS (80)</td>
<td>– Wilkinson’s Quattro (93)</td>
</tr>
<tr>
<td></td>
<td>– Wilkinson’s Quattro (43)</td>
<td>– Gillettes Sensor XLS (90)</td>
</tr>
</tbody>
</table>

(*) In order to preserve data privacy, values have been converted into relative indexes (index 100= mean of every scores of brand equity). In bold: the highest scores of brand equity on each market segment.

6)- GILLETTE’S BRAND EQUITY: A SIMPLE AND OPERATIONAL READING

Most of brand equity’s measures based on conjoint analysis convert its value into utility. Utility is a continuous variable that expresses the notion of preference or choice. Modelling tools like Probit allow calculating a probability of choice that is based on utilities (cf. appendix 1). This probability of choice weighted by each subject’s purchase volume is indexed to the market shares given by a consumer panel. This wedging is obtained by optimizing the maximum likelihood function (cf. appendix 1). This function corrects the existing gap between what is declared and purchase behaviour, and takes into account the market share of the razors that are not comprised into the experimental design.

Isolating the brand’s contribution by using a repeated-measures experimental design towards the same respondents allows calculating the respective contribution of the razor (materialized by a set of characteristics) and the brand (considered as a set of levers) to the branded razor’s market share.

In this perspective, Carrefour’s brand equity is used as a pivot, considering the fact that the Private Label gets the lowest scores on the studied markets (Gillette GIll’s brand equity, which gets a score comparable to Carrefour’s on the three segments, could also have been chosen). Thus, we express Gillette’s brand equity as the market shares differential between a
razor marketed as Gillette (referent market) and the same razor marketed as Carrefour brand (simulated market) (“market share premium”). The same reasoning applied to the other brands (Wilkinson) allows to calculate the market share differential explained by the brand (cf. table 4).

**Table n°4: part of the market share justified by the brand (simulation).**

<table>
<thead>
<tr>
<th>Razor</th>
<th>Brand</th>
<th>Referent market shares (%)</th>
<th>Simulated market shares (store brand) (%)</th>
<th>Differential of market share explained by the brand (**)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Market share in volume</td>
<td>Market share in value</td>
<td>Market share in volume</td>
</tr>
<tr>
<td>Sensor</td>
<td>Gillette</td>
<td>7.0%</td>
<td>5.5%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Mach 3</td>
<td>Gillette</td>
<td>17.5%</td>
<td>16.0%</td>
<td>15.5%</td>
</tr>
<tr>
<td>Xtreme</td>
<td>Wilkinson</td>
<td>13.0%</td>
<td>10.0%</td>
<td>11.5%</td>
</tr>
<tr>
<td>Quattro</td>
<td>Wilkinson</td>
<td>17.0%</td>
<td>18.5%</td>
<td>15.0%</td>
</tr>
<tr>
<td>M3Power</td>
<td>Gillette</td>
<td>15.5%</td>
<td>27.5%</td>
<td>11.0%</td>
</tr>
<tr>
<td>Others(*)</td>
<td></td>
<td>30.0%</td>
<td>22.5%</td>
<td>-</td>
</tr>
</tbody>
</table>

(*) Mainly store brands including Carrefour, which justifies the gap between market share in volume and market share in value, as store brands focus on down-market or middle-market razors.  
(**) Gained market share. In brackets, gained market shares expressed in % of the referent market share.

The analysis of the results shows that on the razors market, the brand’s contribution to the market share is not negligible, even if heterogeneous from one razor to another. The brand explains between 9 and 29% of the market share in volume and between 9 and 28% of the market share in value. Logically, M3Power is the razor that benefits the most from Gillette brand’s contribution, thus also strengthening Gillette’s brand equity: the brand explains respectively 29% of M3Power’s market share in volume and 25% of M3Power’s market share in value. Nevertheless, Sensor’s benefice from the brand is the least important; as Gillette only justifies 14% of the market share in volume and 9% of the market share in value. Last, Gillette and Wilkinson’s respective additional premium on the market share in volume are simila on the middle market (Mach 3 and Xtreme).

This additional premium, based on market share, can be calculated on the selling price by establishing the price differential that a Gillette razor can apply in comparison with a Private Label in order to get the same market share for the same razor (“price premium”) (cf. table 5). In order to preserve confidentiality, we have only presented the results for Sensor, a down market razor.

**Table n°5: part of price differential justified by Gillette’s Sensor (simulation).**

<table>
<thead>
<tr>
<th>Model</th>
<th>Brand</th>
<th>Referent market (Gillette’s brand equity)</th>
<th>Simulated market (store’s brand equity)</th>
<th>Difference (in euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Market share in volume</td>
<td>Selling price in euros</td>
<td>Market share in value</td>
</tr>
<tr>
<td>Sensor</td>
<td>Gillette</td>
<td>7.0%</td>
<td>6.57€</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

(*) Here, we have only presented the additional premium simulation expressed in selling price for Sensor. This simulation can naturally be reproduced for the other tested razors.
In order to get the same market share in volume (7.0%) than Sensor, the same razor marketed as a store brand must be sold at the price of 5.37€ instead of 6.57€, that is to say 18% cheaper. But although this decrease in price theoretically allows reaching the same market share in volume, it finally engenders an erosion of the market share in value (from 5.5% to 4.7%).

7) PROFILE OF GILLETTE’S BRAND EQUITY: WHAT ARE THE IMPLICATIONS IN TERMS OF BRAND MANAGEMENT?

Capitalizing™ methodology allows the dissociation of two major brand levers of the brand on preference and consequently on the choice of the product:

(1) - The attribute-based brand equity (ABE) captures the brand’s inference and halo effects on the evaluation of the product’s selection criteria. Previous researches have revealed that the experimented product’s attribute-based brand equity is higher because of the characteristics that are hidden to the user (Jourdan, 2003 (9)). Thus, the purchaser trusts his image of the brand in order to estimate the quality of characteristics that are difficult to evaluate without having already used the product. Moreover, the communication leads to an increase of the brand equity dimension because of the link that it creates between the brand’s evocation and the characteristics of the product (Jourdan, 1999 (7)).

(2) - The non-attribute-based brand equity (NBE) captures the heuristic judgments that the brand engenders. This dimension is higher in the case of an experimented product, as the cognitive economy engendered by these heuristics is more pronounced when the product’s determining selection criteria are hidden (Jourdan, 2003 (9)). Last the emotional communication is mainly reported on this dimension because it first acts on the affective component of the brand image (Jourdan, 1999 (7)).

Knowing the relative values of Gillette’s attribute-based brand equity and non attribute-based brand equity makes the brand management easier. In fact, the comparison of the brand equity’s profile with a razors market’s typical profile (for instance, the leader or most encountered actor’s profile) allows to estimate the opportunities or risks engendered by an imbalance between the two components and the way to remedy it.

Table 6 is detailing Gillette’s brand profile concerning M3Power and its competitor’s brands. The implications in terms of product and brand communication management are then discussed.
Table n°6: M3Power’s brand equity versus its competitors’.

<table>
<thead>
<tr>
<th></th>
<th>Overall brand equity (OBE)</th>
<th>Attribute-based brand equity (ABE)</th>
<th>Non attribute-based brand equity (NBE)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Centred value</td>
<td>Index (base=100)</td>
<td>Centred value</td>
</tr>
<tr>
<td>Gillette’s M3Power</td>
<td>+41</td>
<td>141</td>
<td>+139</td>
</tr>
<tr>
<td>Wilkinson’s Quattro</td>
<td>-54</td>
<td>46</td>
<td>-18</td>
</tr>
<tr>
<td>Wilkinson’s Xtreme</td>
<td>+18</td>
<td>118</td>
<td>-144</td>
</tr>
<tr>
<td>Gillette’s Mach 3</td>
<td>+10</td>
<td>110</td>
<td>+74</td>
</tr>
<tr>
<td>Gillette’s Sensor XLS</td>
<td>-15</td>
<td>85</td>
<td>-52</td>
</tr>
</tbody>
</table>

(*) In order to preserve data privacy, brand equity’s values have been converted into relative values between the different razors so that the sum of the first column’s values always equals 0 and that the OBE is the addition of the ABE with the NBE. The second column converts the first column’s data into an index whose mean equals 100 for the 5 razors.

Gillette’s M3Power is the razor that gets the highest overall brand equity (OBE) value ahead of Wilkinson’s Xtreme, Gillette’s Mach 3, Gillette’s Sensor and Wilkinson’s Quattro. Still, we notice that M3Power’s enviable position is mainly explained by the its high attribute-based brand equity (ABE), which underlines a positive lever effect of Gillette’s brand on the evaluation of the new razor’s characteristics.

Globally, Gillette brand’s contribution to M3Power’s purchase could be amplified by strengthening Gillette’s non attribute based component (NBE). Of course, the launch communication mainly focused on the razor’s innovation and on the strong association of this technological innovation to Gillette brand, which is translated by the positive repercussions on the consumer’s process of choice and on the attribute-based brand equity (ABE). Still, it would be useful to balance Gillette’s overall brand equity by strengthening the affective dimension of the brand image, which is lower than Wilkinson Xtreme’s. From that point of view, the recent advertising campaigns (“Feeling of Gillette”) based on the awareness and image of David Beckham (English football player) perfectly play their role.

In fact, Wilkinson’s Xtreme has a brand equity profile that totally differs from M3Power’s. Wilkinson’s non attribute-based brand equity (NBE) is important. Still, its overall brand equity (OBE) is penalized by a really recessed attribute-based brand equity (ABE). The brand conveys the image of razors with a hardly-esthetical design, ordinary style and colour, a set of associations that penalizes the evaluation of the model’s characteristics.

8) CONCLUSION

Our approach to brand equity gives the priority to the measure’s operational character. This approach consists in studying the subject’s behaviour during the evaluation and the purchase choice process. A repeated-measures experimental design allows the isolation of the brand’s contribution to each tested razor’s utility.

The results of the experimental study reveal that Gillette brand’s exerted attractiveness differs considering the razor model, the characteristics of choice or the expectations of the various users. Operational recommendations can be deduced, which underlines the interest of a conjoint brands and products portfolio management. Brand is often considered from a strategic and financial point of view. The Gillette case shows that brand equity can be
apprehended as a key variable for the optimization of the product mix, subject to an operational measure of the brand’s contribution to the product’s purchase.

Gillette’s brand profile is established thanks to the isolation of three evaluation and choice levers, the halo, the inference and the heuristic. These three levers are gathered in two dimensions that constitute the overall brand equity (OBE), the attribute-based brand (ABE) and the non attribute-based brand (NBE). The analysis of Gillette brand’s profile and its comparison with its competitors’ leads recommendations concerning the optimization of the offer and the type of brand communication. These recommendations allow the management of the close relation between brand and product, and to retain the most pertinent communication axis.

A Probit model, adjusted on the market shares from a consumer panel, represents this utility in the form of two indicators: the market share and the selling price explained by the brand on one hand and the razor on the other hand (considered as a set of characteristics). This measure shows that, in average, the brand explains about 20% of the branded razor’s performance.
Bibliography


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Appendix 1
Probit model and maximum likelihood function

- Calculation of the associated probabilities with determination of the model's adjusting parameters (α and β)

- 1st case: the last purchased razor is one of the five that have been tested

For (i, j)

\[
Pr_{ij} = \frac{\exp(\beta \cdot u(s)_j)}{\sum_{j=1}^{n} \exp(\beta \cdot u(s)_j) + \alpha}
\]

- 2nd case: the last purchased razor hasn't been tested

For (i, a)

\[
Pr_{ia} = \frac{\alpha}{\sum_{j=1}^{n} \exp(\beta \cdot u(s)_j) + \alpha}
\]

Is the value that optimizes the following maximum likelihood function:

\[
L = \prod_{i=1}^{i=N} \prod_{j=1}^{j=a} \left[ Pr_{ij} \right]^δ_{ij}
\]

Value = 1 if the individual i bought brand j; otherwise, value = 0.