Marketing

Dollar Shave Club's big draw for Unilever - the brand

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Unilever, the multi-national consumer products company, paid 1 billion U.S. dollars for the Californian start-up Dollar Shave Club in mid-2016. The price was five times the forecasted earnings of the company.

Analysts suggested many reasons for the big offer. Unilever had to absorb a market disruptor. It wanted to ensure competitors Proctor & Gamble (Gillette) and Edgewell Personal Care (Schick) didn't buy Dollar Shave first. It needed to fill out its personal care products portfolio, but the major attraction of Dollar Shave Club was its brand. The company took a swipe at the big names in men's grooming products by creating an instant brand through creative, digital marketing.

Building a brand in record time

As Bloomberg reported: "the key to Dollar Shave Club's appeal is not so much its online prowess but the fact that it built a powerful brand in four years." As Forbes Magazine reported in 2013, the company's first year: "*The company's millions are dwarfed by those earned by Gillette or Schick, but its deft understanding of marketing's 4P's (product, price, place and promotion) showed that big-name consumer brands are vulnerable*."

Dollar Shave Club's initial value proposition, razor blades home delivered on monthly subscription, kicked off with an online ad that went viral. "Our Blades Are F***ing Great" immediately won a raft of advertising awards and first year sales for the company were $4 million. The video has had more than 23.5 million views.

By 2014 sales had soared to $65 million and in 2015 topped $120 million. Fortune calls the company "a social marketing as well as an entrepreneurial success." Its expanding product line includes 'shave butter', post-shave moisturizer and wet wipes for (ahem) the other cheeks. This new product, 'One Wipe Charlies', spawned another madcap video featuring lots of scatological humor, antics in toilet stalls and a bear doing, well, what it does in the woods. It's creatively fun, and tailor-made to the audience – but also serious marketing.

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Knowing your audience

Here's how Dollar Shave Club's CMO Andrew Weber describes the brand:
"For so long, for a lot of the spaces talking to men, it was like you had to choose — you were either going to be very highbrow, slightly unapproachable, extremely aspirational, but really, largely unattainable as a brand — or you were going to approach men as Neanderthals. I think those tones, as our brand I think proves, don't really work. The way to reach guys nowadays, and to have that authentic feel, is to be relatable, allow guys to put themselves in your shoes as a brand, as opposed to talking at them or talking above them." Weber then expanded, pointing out that it's the video that both launched and maintains the brand – first on social media and then on television.

Dollar Shave Club is one of many brands successfully blending disruptive new digital marketing technologies with the old-school 4P's. Product (goods to solve problems for male grooming), place (delivered to your door), promotion (those crazy ads and more) and the key point that existing razor suppliers missed: price. Dollar Shave Club's broadcast TV ads openly mock the incumbents' give-away-the-razor-but-profit-on-the-blades model, particularly the locked cabinets in pharmacies that may keep expensive blades away from shop-lifters but make it difficult for customers to get what they want.

4Ps go digital

While the 4P's are a concept from the 1960's, as Managing Director of Accenture Interactive Marek Rucinski remarks, those old 4P's still apply in the new digital space. Rucinski explains: "Execution of the four P's is linked to the orchestration across the technology, creative and strategy...As digital redefines marketing, close links with sales and branding functions remain. But digital is increasingly also the driving force behind customer service, user and customer experience, and large elements of IT, PR, product development and more."

Digital opportunities and technologies have put marketing at the center of the business decision-making mix more than ever before.